The Origins of the Welfare State I:
The Keynesian Elite and the Second New Deal, 1910-1936
(part one of three: draft text)

by

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The Second New Deal denotes that radical break in policy that occured in early 1935 when President Roosevelt threw his support behind a cluster of epochal reform measures: the Emergency Relief Appropriation Act,[1] the National Labor Relations Act; the Social Security Act; the Banking Act of 1935; the Public Utilities Holding Company Act; and the Revenue Act of 1935. The Second New Deal also included social democratic, populist, and Progressive legitimation rhetoric; Keynesian economic strategies; and an electoral coalition built out of labor, farmers, liberals, minorities and immigrants--the usual but incomplete and misleading demographic profile--and white collar and professional personnel, especially in human services (teachers, social workers, dentists), semiotics (journalists, lawyers, writers, musicians, actors), and mass distribution.[2] The Second New Deal, in other words, has usually been approached in terms of ideology, electoral politics, and Congressional policy. Moreover, there is remarkably wide agreement among conflicting theoretical perspectives on two major points: that the direct involvement of *sectors of capital* (as distinct from "dissident" business men[3]) in the Second New Deal was nil; and that the administrative elite of the Second New Deal state apparatus was "a school of analytically superficial trustbusters [that] had no social base."[4]

For scholars inclined to examine the relationship between business, policy-making, and the state, it has been the National Recovery Administration (NRA) of the First New Deal, not the Keynesian structures of the Second, that has attracted the most attention. The NRA has been generally described as corporatist--an institutional arrangement of government-sanctioned trade association control of production, prices and wages, dominated, to a great extent, by the chief executives of the large firms themselves. In examining this corporatist effort to achieve "rationalization," however, historians have made too much of standardization, of the cognitive qualities of "far-sightedness," of the use of the code-word "planning" as a euphemism for "cartelization." Even the concept of cartelization fails to grasp the deep logic of the "big business" corporatism of the 1930s. Above all, the corporatists sought stability and the preservation of existing property values, and the market they were concerned with was (more than many corporatist analysts like to admit) the market for securities.[5] The corporatist approach works in the case of the First New Deal because the First New Deal as strategy and structure was indeed corporatist.

Attempts to extend this corporatist perspective to the Roosevelt Administration as a whole (and thus by implication to the Second New Deal) are less successful. First, the Keynesians differed radically in their political economic perspective. They had an inherently developmental strategic concept, and were oriented toward the dynamic of market expansion as a fundamentally *intensive* process of socio-economic differentiation. the corporatist promise "of limiting production to meet present demand" was viewed with alarm by the Keynesians, who argued on the contrary that "the biggest part of our problem is in the field of distribution." It was necessary not to restrain production, argued John H. Fahey, but to increase "the buying power of the great consuming market of the country."[6]

Second, the attempt to apply the corporatist pardigm to the New Deal as a whole leads to the argument that the regulatory, reform, and redistribution measures initiated by the Keyensians, the dramatic shift toward adminstrative law, the formation of new institutions of mass politics integrated into the state, the introduction of Keynesian macro-economic policies, and the linkage of the destiny of the state with the expansion of consumption, were removable singularities within an evolutionary continuum extending from the 1920s to the 1940s.[7]

And finally, the Keynesians themselves are given the status of non-persons, their presence recognized, if at all, as a brief and inexplicable intrusion by a band of "statist planners, anti-trust decentralizers, laborite activists, and anti-business Keynesians."[8] An interruption in the patterns of continuity that characterize the period from the First World War to the 1940s and beyond, the Keynesians have been comprehended as small but indigestible clumps of empirical stuff that defy reason.

In this paper I apply network theory[9] to the analysis of the genesis and structure of the Second New Deal state apparatus in the following ways. First, in a brief overview, I look at the *input-output matrices of different sectors of accumulation*, and show that the chief executive officers of leading corporations intersected with the polity in such a way that the "state" under FDR could be better characterized as a *segmented state* within which the *Keynesian elite* (rooted in mass consumption) finally achieved parity with the two older major elite formations--the *securities bloc* (rooted in infrastructure capital) and *commodities in international trade* (cotton, tobacco, copper, wheat, etc.). Second, I examine *the state apparatus itself*, and find that the administrative core of the Second New Deal was a well-defined personnel matrix comprised of a cadre of lawyers linked to Felix Frankfurter (FF) and Louis D. Brandeis, and a network of technocrats drawn from or closely associated with the Taylor Society (TS).

Within this analytical context I reconstruct the history of FF x-TS. And third, by applying network theory to the Taylor Society as inter-organizational matrix, I find that the strategic discourse as well as the internal structure and composition of the Keynesian elite in the Second New Deal was determined by the circuit of realization of mass capitalism.

i. sectors of capital & segments of the state

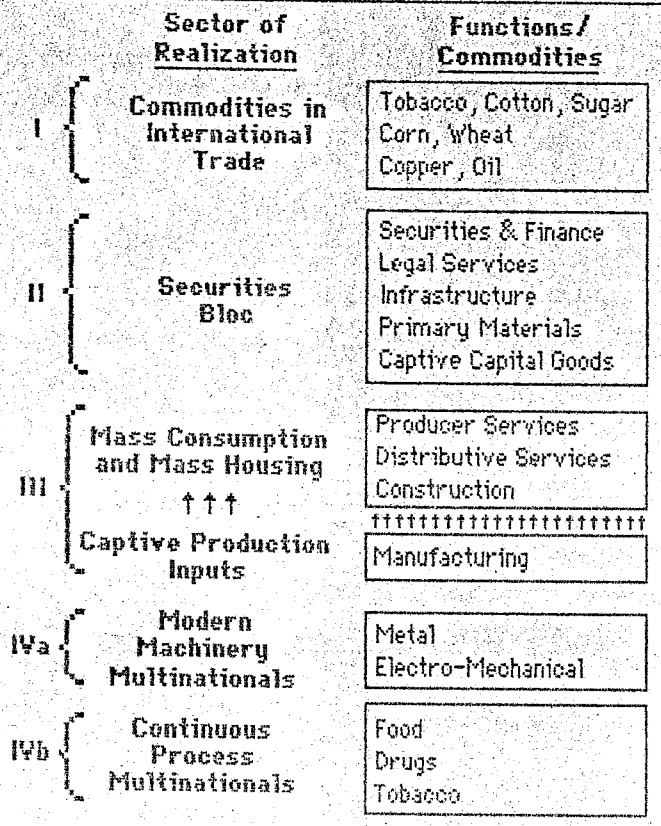
Figure 1, classification of firms for sectoral analysis, is a synthesis, for the purposes of political analysis, of a number of studies of the structure of the U. S. economy. Wassily Leontieff's study of the input-output structure of the U.S. economy, and Charles A. Bliss's work on the structure of manufacturing production provide essential theoretical and statistical tools required for the development of a concept of sector of realization.[10] Leontieff's analysis focuses on transactions between sectors. Bliss's concept of "character of ultimate use" is especially important, for it refers not to a particular industry, but rather to the actual structure of demand. The latter is divided into four major segments: consumption goods, construction materials, capital equipment, and producers' supplies. These are further broken down into 18 subdivisions.[11] In the present study "character of ultimate use" is transformed into "sector of realization." Figure 1 is also influenced by those modes of talking about "cities" that insist upon looking at real exchanges in the world of activity, and that bring to the fore a geographically-oriented systems-concept based on hierarchically-organized input-output flows.[12] In the construction of Figure 1, therefore, there is an implicit rejection of the kind of approach one finds in Averitt,[13] for example, where *a-priori* variables such as size or concentration ratio rather than functionally derived variables such as location within an input-output matrix shape analysis. In Figure 1 sectoral boundaries were determined by grouping firms and segments based on the nature of their respective input-ouput matrices.[14]

Sector I, *Commodities in International Trade*, was the first nationally hegemonic capital formation in the development of North America. From the mid-nineteenth century to World War One this sector of realization was built upon the export trade in cotton and wheat, and generated a complex of service organizations in law, finance, transport, insurance, brokerage, and other services. This sector grew with the expansion of the textile capitalism of the Atlantic Community, on the one hand, and the voracious appetite for breadstuffs of the burgeoning industrial and commercial cities of Europe and America, on the other.[15] Politically, this sector was the core of the conservative internationalist wing of the Democratic Party.[16] Even the "radicalism" of the Second New Deal did not

possible

weaken the strategic committment to the national Democratic Party, despite bitter conservative opposition to FDR's domestic policies. This only highlights the salience of international economic issues in the domain of elite politics at that time, for the conservative internationalists fought bitterly against the nomination of FDR in 1932, backing first Al Smith and then Newton Baker for the nomination. (Smith himself must be understood in the context of the intra-sectoral functional linkage between southern commodities producers and their transporation, brokerage, insurance, and wholesale services concentrated in New York.)[17]

FIGURE 1. CLASSIFICATION OF FIRMS FOR SECTORAL ANALYSIS



Sector II, the *Securities Bloc*, emerged after the Civil War out of the development of infrastructure capital in the latter part of the 19th century. It included primary materials, such as coal, iron and steel; railroads,[18] traction lines, and electric utilities; railroad cars, rails, and signals; and electric generating and transmission equipment, as well as other capital inputs to the infrastructure firms. Within this group, the regulated industries alone--transportation, communications, and public utilities--absorbed more than half of all invested capital in the United States prior to World War One.[19] The Securities Bloc, embodied in the house of Morgan,

and including such giants as U. S. Steel, General Electric, I T & T, and major segments of the rail transportation system, has been given the epithets "big business" and "monopoly capital" by its Progressive opponents.[20] Politically, the securities bloc was the socio-economic basis of the dominant faction within the Republican Party, centered on Allison, Aldrich, Platt, Spooner, and Speaker of the House Cannon, that emerged in the 1880s, and came to wield the preponderant influence in Congress. It was not until 1910, the peak of the Progressive insurgency, that this domination was successfully challenged.[21] The securities bloc is the best-known and the most notorious of the sectors of capital, and was one of the major sources of the emergent strategy of *corporate liberalism* and *corporatism*.

Sector III of Figure 1, *Mass Production and Mass Housing*, was comprised of the service organizations of mass capitalism, including, in mass retailing, the mass retailers themselves; their associated sales and advertising organizations, including a Keynesian section of the mass circulation newspapers; the financiers to mass capitalism: Goldman Sachs, Lehman Brothers, the Bank of America, and the Bowery Savings Bank; and the mass consumer-oriented manufacturing organizations in the clothing and house furnishing industries. The Bowery Savings Bank and the Bank of America occupied the financial pinnacle of the housing industry, with manufacturers of housing and construction supplies and equipment, together with more localized forces in construction and real estate, occupying the lower positions in the functional hierarchies of the realization process of this sector. It was this sector that generated the political economic strategy that by the late 1930s would be called Keynesian, and the regime-segment called the Second New Deal.

The high tech and continuous process multinationals (sectors IVa and IVb) rose to prominence after the period under discussion. Prior to that time, multinationals were primarily oriented toward the extraction of raw materials and investment in overseas infrastructure, especially utilities, and were thus functionally part of Commodities in International Trade or the Securities Bloc.[22] Sectors IVa and IVb included a number of mass-marketing-oriented manufacturing firms with highly developed sales organizations, such as IBM and Eastman Kodak, that were closely allied with the Keynesian elite (both of these firms were members of the Taylor Society); large food processors, such as General Foods, Lehn & Fink, and Continental Bakery; and modern science-based machine and instrument manufacturers, oriented toward the world market, and supplying modern, diversified capital goods, such as materials handling equipment, construction machinery, temperature control devices, and office machinery. These firms, moreover, though not integrated into the interorganizational synthesis of the

mass consumption sector, tended to form political alliances with the Keynesian elite. (The Committee for Economic Development was formed in 1942 as an alliance of the Taylor Society and the leadership of modern export-oriented machinery. Preeminent among the latter was Paul Hoffman of the Studebaker Corporation and the Cleveland Trust Corporation.[23]) — add. McQuaid

* * *

Figure 1 is derived from the actual *economic* transactions between firms. A second approach to measuring sectoral patterns in the U. S. political economy involves analysis of inter-locking directorates--that is, *social* transactions between firms. Methodologically, this involves taking a random sample of biographies in *Who's Who in Commerce and Industry* (or the equivalent) for 1936. Examination of the sample shows the following most frequent directorship configurations: a hierarchically-ordered subset of securities bloc biographies, ranging from national (Morgan) and regional (Mellon) down to subregional and local elites; another subset integrating varous functions of commodities in international trade; a third centered in mass retailing and mass banking; and a fourth in metropolitan real estate, housing, finance and construction. These four categories might cover 80% of the nationally active chief executive officers. On the other hand, a significant number of the entries in our data source are small fry in the world of capital, such as tool manufacturers who sit on the boards of few if any small and medium-sized firms in closely related areas, and who cannot be considered as part of a larger banking group. However, since one does not find the chief executives of such firms anywhere near either the policy-making process or the state apparatus, for the purposes of decoding elite politics they can be ignored. Generally it is large national and international firms, or medium-sized firms integrated into national organizations, that come under our critical gaze.

2. — he has some pix!

* * *

A third way of examining sectoral patterns in the U. S. political eocnomy involves looking directly at the CEOs who cluster in and around the state in an advisory, policy-making, administrative, or trouble-shooting capacity. By decoding a number of frequently refered to data sets generated by corporate involvement in politics during the 1930s, we find strong sectoral patterns.

Figure 2 lists the original membership of the Business Advisory Council during the early months of Roosevelt's first term. Figure 3 lists those BAC members who in May 1935 paid a well-publicized visit to the President to express their support in the face of a rising tide of provincial capitalist reaction to the New Deal. Figure 4 lists those major business leaders who

were engaged in a series of confidential meetings in 1938/39 initiated by Mordecai Ezekiel, a leading Keynesian in the Second New Deal state.

What binds these CEOs together is no more than that, at some time between 1936 and 1939, they gave some kind of support to FDR. As vague as these parameters are, they nevertheless result in some interesting patterns. The firms represented in Figures 2 to 6 are hardly a random sample of all firms, but, at the national level, are modern multidivisional firms of considerable size and sophistication. At this level of differentiation the corporatist pardigm seems workable.

But as soon as we differentiate further (using Figure 1) we find that the BAC had, on the one hand, a significant contingent from the Keynesian financial elite (these firms belong in Sector III); and, on the other hand, there were a number of independent high tech and mass consumer-oriented multinationals (sectors IVa and IVb). Moreover, the BAC contingent that supported the President in 1935 was smaller than the 1933 group, and it had a much heavier representation from the mass consumption sector. Figure 4, the 1939 Ezekiel list of corporatists, is more homogenous--and more representative of the corporatist configuration described by Himmelberg: " . . . The relatively less profitable . . . older and more developed, usually producers' goods, industries."[24] (The data for this Figure was generated by Mordecai Ezekiel's efforts to absorb this corporate elite into a political synthesis dominated by the Keynesians.[25]) As can be seen from these Figures, there was too much diversity, and too much change over time, within these "reformist" corporate groups to permit the blanket use of the term "corporatism." In fact, what we see in these figures is the sectoral basis for the tripartite structure of "bipartisanship" that would emerge after World War Two.

To see how this sectoral approach clarifies the patterns of political-economic segmentation of the Roosevelt regime, we can look at patterns of campaign contributions in 1936. The campaign of 1936, we recall, was marked by the use of bitter class rhetoric, and represented the high point of political polarization. In 1935/36 the National Association of Manufacturers and the United States Chamber of Commerce were swept by waves of popular reaction; and we know from the Ezekiel correspondence that most of these corporatists (Figure 4) opposed the more radical human capital and planning aspects of the New Deal, although they strongly favored government intervention in corporatist planning efforts[26] Thus, the patterns of support for FDR in this critical year 1936 should tell us something about the *core* support for Keynesian strategies among sectors of capital.

Bad won't Keynesian in 1936

Figure 5, *The Keynesian Elite in the Second New Deal, 1936-1938: Capital Configurations*, contains three main elements. To the left is an expansion of Sector III of Figure 1. The center column lists the firms most closely associated with the Second New Deal *circa* 1936. It is based on lists of contributions to FDR's reelection campaign of that year, augmented by inclusion of those firms whose CEOs played important roles in shaping the radical New Deal's overall policies. (Excluded from this list are conservative internationalist CEOs who also contributed to FDR's reelection camapaign, but from a different strategic standpoint.) At this level of analysis the predominance of mass-oriented financial, retailing, and publishing organizations in the Second New Deal is evident.[27]

On a regional level of analysis--New York, Omaha and Seattle--there is an entirely different configuration of firms, based largely in real estate and housing. The New York close-up in Figure 5 was generated in the following way. In the FDR list there was a set of contributors defined by their absence from *Who's Who in America* and by their presence in *Who's Who in New York*. This is one way of determining a firm's regional rather than national political signficance. The third column of Figure 5, the list of "Liberal Businessmen," was generated when Mordecai Ezekiel, preeminent Keynesian economist and planner in the Roosevelt Adminstration (Henry Wallace's chief economist), used his connections within the Rural Electrification Administration to canvass the United States for political support for FDR in 1937/38. This resulted in regional patterns isomorphic to the New York close-up. (This is Ezekiel's 1937/38 Keynesian list, to be distinguished from his 1939 corporatist list.)

Figure 6, GOP Corporate Support: Campaign Contributions, 1936, provides the expected complement to Figure 5, and effects closure on our data base. For the most part, corporate support for the Republican Party came from the large firms of the Securities Bloc, especially those firms more oriented toward the national market. On the other hand, it is important to note that as key financial and manufacturing segments of the Securities Bloc got more deeply into global investment strategies, they moved toward support for the internationalism that, in the 1920s and thirties, was more closely identified with the Wilsonians in the Democratic Party.[28] Important representatives of the internationalist segment of the Securities Bloc were Henry Stimpson, John Foster Dulles, Gerard Swope, and Edward R. Stettinius, of Sullivan and Cromwell, Sullivan and Cromwell, General Electric, and U.S. Steel, respectively.[29]

An important exception to this failure to note sectoral conflict is Thomas Ferguson's article, "From Normalcy to New Deal." Ferguson has

challenges the application of these monistic pardigms to the analysis of business-government relations during the New Deal, with his account of a sectorally-based elite conflict between a Morgan-led securities bloc, and a Rockefeller-led coalition of multinational high tech firms in the shaping of Roosevelt's policies.[30] But, just as the corporatist perspective does, Ferguson's argument circumvents the Keynesians--those indigestible clumps of empirical stuff that defy reason.

If we take a head-count of the Second New Deal state apparatus itself, we will see that it was neither corporatist nor multinationalist: it was Keynesian.

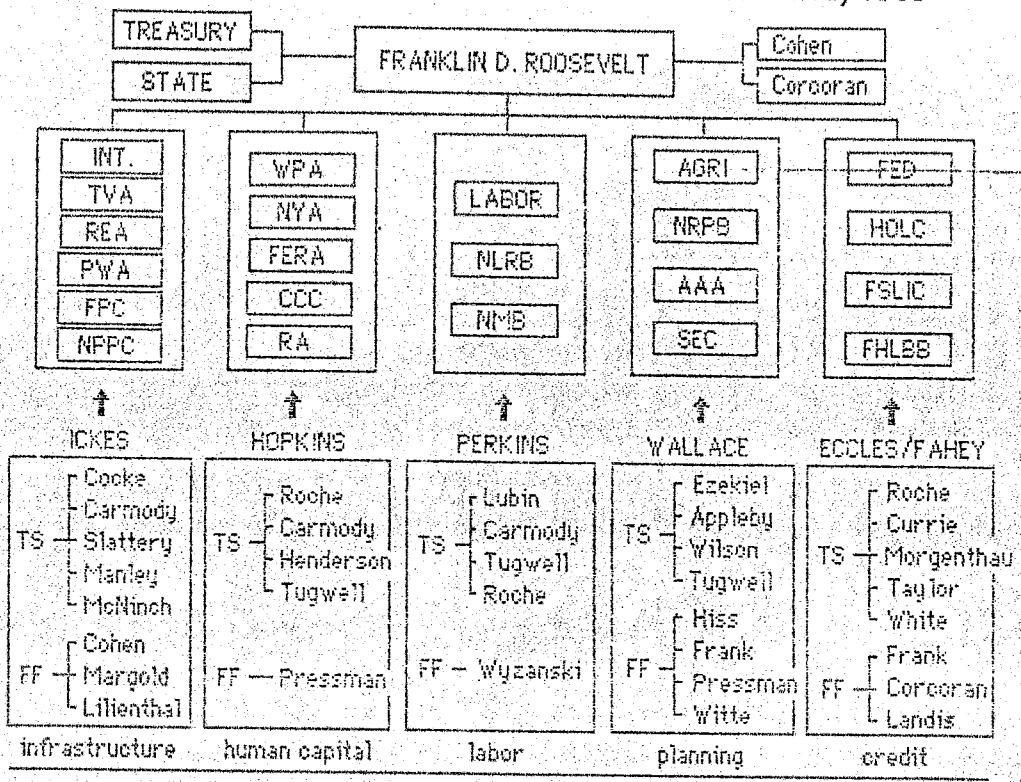
ii. the Keynesian elite and the Second New Deal: 1910-1936

a. the Keynesian elite in the New Deal state, 1936

Figure 7--the relevant empirical point of departure--is an adaptation of the organizational chart of the U. S. government during the Second New Deal. The elements listed in Figure 1 include agencies created by New Deal legislation, Cabinet positions dominated by Second New Dealers (Interior, Agriculture, and Labor; to a lesser degree Treasury, and State; and of course Marriner Eccles' Federal Reserve Board), and FDR's administrative assistants Benjamin Cohen and Thomas Corcoran. The lower part is comprised of those lawyers and technocrats who manned the administrative posts of the agencies depicted in the upper part of the figure. **FF** refers to the cadre of "liberal" lawyers around Louis D. Brandeis and Felix Frankfurter. **TS** refers to the Taylor Society, the leading "scientific management" organization of the twentieth century. Appendix 1, Second New Deal--Career Matrix, provides a summary of relevant biographical detail.[31] This is our core data set. It portrays the administrative elite of the second New Deal.

Figure 7 superimposes two modes of representation. First, I have grouped the agencies of the Second New Deal state in terms of their functional orientation: the agencies concerned with infrastructure, for example--the Department of Interior, the Tennessee Valley Authority, the Rural Electrification Administration, Public Works Administration, Federal Power Commission, and the National Power Policy Commission--are shown grouped together.

FIGURE 7. THE KEYNESIAN ELITE IN THE NEW DEAL STATE, 1936



Source. United States Government, Organization Manual (Washington: GPO, 1937)

Second, hierarchical: each of these five functional sectors of the state apparatus dominated by the Keynesian elite had the same personnel structure: a politician-chief executive (Ickes, Hopkins, Perkins, Wallace and Eccles/Fahey), one or more Frankfurter lawyers, and several Taylor Society technocrats. The personnel grouped under Ickes, for example, exercised command over a well-defined group of infrastructure-oriented agencies listed in the box above Ickes. Cooke and Carmody were part of the Taylor Society's political elite; Cohen one of Frankfurter's two key leutenants; and Lilienthal one of Frankfurter's "protege's."[32] Thus, when we look at personnel in terms of their position in the hierarchy of power, three levels are apparent: the Executive (FDR + Corcoran & Cohen), the primary leadership (Ickes, Hopkins, Perkins, Wallace, Eccles, and Fahey[33]), and the secondary leadership (administrative cadre, both legal and technocratic: **FF x TS**).[34]

This permits a summary representation of the Keynesian segment of the state apparatus during the regime of FDR, as shown in Figure 8:

FIGURE 8.

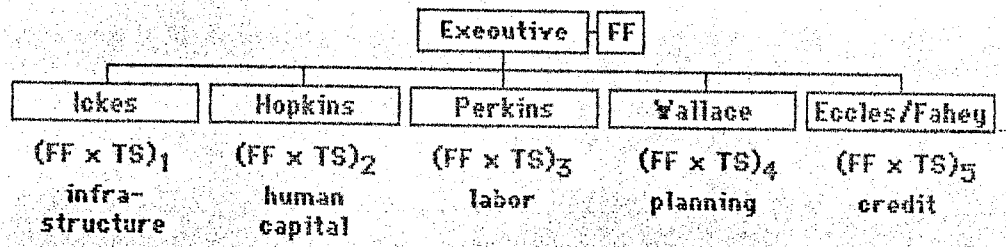


Figure 8 suggests that the secondary leadership, precisely because of its more abstract and general representation, is more rewarding to study. Figure 8 also suggests that one cannot really treat the Brandeis-Frankfurter *legal cadre* of Progressivism as distinct from and unrelated to the Taylor Society *business-technocratic cadre* of Progressivism. The smallest unit of analysis consistent with the data must be **FF x TS**.

b. Brandeis, Frankfurter, and Progressivism

Between the end of the nineteenth century and 1910, Louis D. Brandeis had become the pre-eminent spokesman of urban Progressivism, and the nation's leading opponent of the securiuties bloc--the railroads, utilities, banks, and insurance companies that had come to occupy a prominent place in the American economy, and in the politics of the Republican Party. Brandeis revolutionized the legal brief in the course of his efforts on behalf of exporters, shippers, merchants, consumers, and child and women workers, combining sociologial analysis with the politics of reform and the economics of sectoral conflict. Brandeis was in the forefront of the struggle for railroad and utilities regulation; it was Brandeis who in 1910 shaped the first stable collective bargaining system in the clothing industry--and in the same year was chief spokesman for the shippers vs. the railroads in the Eastern Rate Case; and it was Brandeis who, by 1912, had become the "architect" of Woodrow Wilson's "New Freedom." It was in this year, after an exchange of congratulations over their victories in labor, minimum wage, and regulatory battles of the previous two years, that Louis D. Brandeis and Felix Frankfurter met.[35]

By World War One, Louis D. Brandeis had become the central figure in the political economy of reform. During the War, the FF x TS forces gained their first taste of state power; and throughout the years of Republican dominance following World War I, the Brandeis-Frankfurter forces continued to envision a time when the Wilsonian currents of Progressive capitalism, strengthened by further objective developments in the economy, would achieve a greater degree of power. "Knowing that one day occupancy of the

White House would change, Brandeis devoted his efforts to preparing for that day," further developing his ties to the Progressive bloc in Congress, utilizing the reform press (the *Nation, The Survey, Survey Graphic*, and especially *The New Republic*), and through Frankfurter becoming involved in the struggle for labors and immigrants' civil rights. Frankfurter played an especially prominent role in defending the victims of the post-war Red Scare, representing the Amalgamated Clothing Workers in a critical battle in Rochester, New York, and, less visibly, in aiding in the Sacco and Vanzetti defense.[36] Frankfurter, as part of a long-term strategy of developing a broad labor-liberal, ethnic and working class coalition as the basis for regime formation, supported LaFollete's Third Party effort in 1924, and Al Smith's 1928 Presidential campaign.[37]

Through Brandeis' influence Felix Frankfurter became the principle advisor to Franklin D. Roosevelt when FDR became Governor of New York in 1928, and a major source of appointees.[38] By the mid 1930s, with Roosevelt in the White House, Felix Frankfurter had become the *éminence grise* of Keynesian reform. Frankfurter, complained Hugh Johnson, was *"the most influential single individual in the United States."*[39] Johnson, head of the National Recovery Administration and the leading corporatist within the state apparatus, was disturbed by the increasing influence of the Keynesians in the Roosevelt Administration.[40] In fact, by 1934, as the public honeymoon with corporatism was coming to an end, the Keynesian elite had already built its political machine inside the state apparatus and was rapidly expanding. Frankfurter's proteges from Harvard Law School, Benjamin Cohen and Thomas Corcoran "gathered around them a brilliant group of younger lawyers, whom Corcoran placed in key agencies. 'What is a government?' Corcoran once asked. 'It's not just the top man or the top ten men. A government is the top one hundred or two hundred men.'" It was this "old Frankfurter employment agency" that staffed the Second New Deal state apparatus with FF x TS.[41] The history of this formation begins in 1910 with the birth of the Taylor Society in the course of the Eastern Rate Case.

c. the Eastern Rate Case, 1910: capital formations

"When the Panic of 1907 triggered a precipitous devaluation of rail securities," writes K. Austin Kerr, "the railroads, encouraged by financiers, began working to secure a general 10 percent advance in freight rates. In 1910 they presented the first in a series of general rate advance cases to the Interstate Commerce Commission."[42] Since 1907 as well, there had been a quickening tempo of reform and insurgency, including legislative struggles

over railroad regulation. When in early 1910 the securities bloc threw down the gauntlet in its proposed rate increase, "the shippers, unified everywhere except in the South and the Great Plains," and having reached their "peak of organization," geared up for one of the major confrontations of Progressivism.[43] The Hearings before the Interstate Commerce Commission--the Eastern Rate Case--was a field of combat within which the discourse of Keynesianism achieved a particular clarity before it was buried under the archeological layers of mass politics, with its logos of resentment, and bureaucratic administration, with is narrow technical and legal discursive orientation. As chief spokesman for the shippers, Brandeis was at the very center of the political economy of Progressive capitalist reform. And while nobody noticed at the time, the birth of the Taylor Society, under the helpful guidance of Louis D. Brandeis, already prefigured the Second New Deal.

Now, if the Eastern Rate Case was the *site of emergence* of the Taylor Society, the configuration of capital presented by the membership of the Shippers Association is of special interest to anyone attempting to figure out the Second New Deal.

* * *

Appendix 2, Shippers' Association, 1910: Chicago Subset, was constructed by plotting the Chicago subset of Shippers' Association members on the input-output matrix outlined in Figure 1. It shows that the Association's members were drawn primarily from a diversified milieu of modern firms oriented toward the mass consumer and mass housing sectors of the modern economy (with the remainder made up of diversified machinery and capital goods producers). Moreover, position in the functional hierarchies of the realization process determined mode of participation in the Eastern Rate Case. Leading producers (Hart Shafner & Marx) as well as distributors (wholesale hardware distributors, major urban retailers, commission merchants), were prominently represented. *Appendix 2* lists only the merchants and manufacturers.[44] Because regional Chambers of Commerce, merchants associations, and trade associations can be viewed as lateral extensions of the largest distributors (rather than as higher-order formations emergent out of the matrix of distribution), they have been omitted from the Figure. The reader may jump ahead to Figures 10 to 12, the Taylor Society, 1927, and note that these Figures, taken as a whole, are isomorphic to Appendix 2.[45]

Now, when one turns to the career of Louis D. Brandeis, we must ask whether LDB's milieu of clients was isomorphic to the patterns found in the Eastern Rate Case of 1910. We would then have to look at the problematic of

LDB in terms of the dialectic of *role* and *milieu*. Even before we consider this data, a strong case can be made for this idea of an isomorphism linking the Eastern Rate Case and LDB's milieu, for we know that LDB became the dominant individual in modern Progressivism, and this in turn implies that, as a Progressive lawyer-politician Brandeis' business and professional circles must be assumed to have been more typical than unique. Consider: of the relatively small class of eligible lawyers who might have, through their contacts with the core firms of Progressive capitalism, had the opportuinty to become its leading spokesman, coordinator, and strategist, the successful candidate would likely emerge out of the core geographical area of modern capitalism: lower New England and the middle Atlantic states--not the Plains or western states, and certainly not the southern states. LDB's milieu, we assume, must have been broadly representative of the major capital formations of modern Progressivism.

Recent Brandeis scholarship confirms this deduction. Born into a Louisville merchant family that itself was embedded in the cultural context of Atlantic commerce; inducted into the Boston merchant milieu by his friend and benefactor Jacob H. Hecht of Hecht Brothers and Company (noted wholesale dealers in boots and shoes); partner in a law firm devoted to German Jewish merchants and their Yankee shoe and papermaker allies in New England Progressivism; and close associate of mass merchandiser Edward Filene, New England's leading Progressive businessman, Louis D. Brandeis had become a key element in the political leadership of first, the local merchants in their transportation and tax struggles with Boston's Securities Bloc, then of the whole national mass-oriented sector of capitalism in the 1910 regulatory Hearings before the Interstate Commerce Commission (the Eastern Rate Case).[46] This scholarship makes clear that Louis D. Brandeis must be interpreted as the political focal point of modern mass-oriented capitalism.

This data conforms to the general pattern of business support for Progressive reform discovered by George Mowry, Robert Wiebe, David P. Thelen, and others. Wiebe emphasized that the growth of modern business had shifted the balance of power away from the railroads and other infrastructure firms. It was the prosperous, modern, nationally-oriented capitalists who formed the most important business constituency for Progressive reform--not the corporate elite associated with the infrastructure capital and the Securities Bloc (as Kolko and the corporate liberal interpretation would have it), nor the smaller, more provincially-oriented businessmen, who often opposed what they perceived to be radical change.[47]

New markets, new industries, new patterns of consumption and distribution, new methods and technologies, new forms of property and modes of accumulation, were all aspects of the emergent mass-oriented sector of capital that generated the praxis of reform. It was these new forms of property and modes of accumulation that saw the coagulation of capital in the securities bloc, its dominance over infrastructure materials and services, on the one hand, and over politics and the state, on the other, as obstacles to expanded reproduction. This was the essential conflict behind the Eastern Rate Case, and it generated the force field out of which emerged the Taylor Society.

d. Eastern Rate Case: political economy

Next, consider the text generated by the Eastern Rate Case.

The more familiar readings of these hearings that consider the role of the Taylorites[48] ignore sectoral conflict and focuses instead on Brandeis' argument that in fact the workers could get a raise and the companies could improve their profits without a rate increase, a feat that would be made possible by the introduction of modern management methods into the operation of the railroads. Such methods, Brandeis' witnesses claimed, could save the railroads $1,000,000 per day.

In order to substantiate this claim, Brandeis marshalled before the Commission a group of production engineers, efficiency experts, manufacturers, contractors, and functional foremen. They described the application of scientific mangement to machine shops, factories, steel works, paper mills, cotton mills, bleacheries, printing, bookbinding, construction and engineering works. Among them were the men who would become the leaders of the Society for the Promotion of Scientific Management (renamed the Taylor Society after the death of Frederick Taylor) which was formed in the course of the hearings. They confined their arguments, however, to *firm-specific* managerial problems, such as accounting proceedures, routing, labor relations, and planning.[49] It was not the technocrats, therefore, who supplied the broader strategic perspective on regulation at these Hearings.

In fact, there were three major groups of witnesses that we must consider, and the technocrats were only one of them.

A second group of witnesses was comprised of several major mass-oriented manufacturers; a third, of higher-order service-oriented functional elites. Both of these groups focused on strategies of accumulation rather than on technical-managerial problems (that is, they made *sector-specific*

not firm-specific arguments), although the service elite functioned on a higher-order strategic level than the manufacturers.

The manufacturers included Charles H. Jones, President of the Commonwealth Shoe and Leather Company of Whitman, Massachusetts (a close associate of Louis D. Brandeis), representing the New England Shoe and Leather Association; Guy T. Miller, treasurer of the Bridgeport Brass Company; B. F. Curtis of the Norton Company (a major manufacturer of grinding wheels and abrasives); George H. Benkhart, of Smith, Klein and French Company (drugs and baby foods); Edwin F. Forbes, President of the New England Confectionary Company; A. C. Lorion, representing the Wright Wire Company of Worcester and Palmer, Massachusetts (wire cloth for poultry netting), the Grayton and Knight Manufacturing Company, and the Metal Trades Association of Worcester (mostly machine tool manufacturers); and E. A. Stuart, of the Mitchell-Woodbury Company, Boston (importers of crockery and china).[50]

Guy Miller may be taken as representative of the other manufacturers in the arguments he made in response to Brandeis' questioning. The advance in rates, he pointed out, would restrict the territory within which the New England brass industry could ship its output. The resulting contraction of business would not only have an obvious effect on the prospects for achieving economies of scale; the railroads themselves would lose revenues as a result of reduced traffic; the division of labor throughout the industry would be threatened; and the manufacturer would have to pay the increase twice, first in the cost of transportation of raw materials from the west, then in the cost of transporting the finished product from the east.[51]

The arguments advanced by the higher-order functional representatives of the realization process went a good deal further in their theoretical grasp of the organizational dynamic of a changing and growing national economy. Thousands of new products were coming onto the market. Freight rates on those products, so critical in the determination of the nature and scope of the markets within which they would be competitive, were being set arbitrarily by the railroads, institutions that least understood the changing political economy. A major grievance of the shippers in this respect was that the proposed new rates had not been established through consultation with the shippers. The impact of these rates on business, therefore, was not being taken into account.[52] As the following testimony by David O. Ives, manager of the Transportation Department of the Boston Chamber of Commerce shows, the carriers were still living in the nineteenth century.

Mr. Brandeis. Something has been said here about the increase in class rates [rates on commercial products as opposed to commodities such as coal], and particularly the higher class rates, affecting only luxuries. What is the fact?

Mr. Ives. I must admit that I received the impression that the traffic officers of the railroads, or some of those who testified, had the impression that the majority of the articles moving in the classification were either luxuries or very high-priced necessities in which the freight was of so small a moment that it could be ignored. Such is not the case, as an examination of the freight received at any medium-sized station on the roads of any of these carriers or an examination of the billings will show. It includes all the commonest necessities of life, boots and shoes--not only meaning shoes that are sold for $3.50, $4.00, and $5.00 a pair, but those that sell for $1.00 and $1.50 a pair. Also dry goods--it does not mean simply ribbons and laces. We should be glad to see ribbons and laces bear their proper share of the burden of transportation. But it means the commonest kinds of cheap prints, cheap underclothing, overalls, all clothing, and all those articles of commerce that are among the barest necessities of life.[53]

John S. Lawrence of Lawrence and Company (commission merchants--the "selling department of the textile mills of New England . . . representing five of six of the largest mills"[54]) argued that rates had to be determined on the basis of the way they affected the overall development of commerce and manufacturing. Setting rates was a difficult task, and involved more than merely establishing costs based on handling and other expenses. Lawrence argued that " . . . railroad rates [were] similar to taxation. The problem seems to be how to distribute the cost of operation among the users of a railroad and have prosperity all around." For example, one should impose a higher rate on a high-grade stocking than on a low-grade stocking. "It is manifestly unfair that a 50-cent stocking, where the freight is a very small fraction of its value, should pay practically the same today as a twelve and a half cent stocking, where the freight rate runs to a very high proporption of the value."[55]

More generally, the shippers argued that the proposed increase in rates would seriously increase the cost of living. Here again, the concern was directed toward " . . . the poorer classes, who not only spend a much larger proportion of their income on the necessaries of life, but who purchase a coarser, heavier and less valuable article." Beyond the aggregate increase in the cost of living attributable to the rate increase, the resulting contraction of

markets, and the elimination of competition between the East and the West would tend to further increase the cost of living. Finally, the increase would appear not as "a single increase on the freight of a finished article, but on the aggregate of increases, including not merely the increase on raw materials and supplies, but the increase on innumerable articles which directly or indirectly enter into the cost of doing business, including ultimately increases in wages demanded by the increased cost of living."[56]

In essential respects the Eastern Rate Case can stand as the pardigmatic expression of the strategic thrust of emergent Keynesianism. Although we confined our discussion to the problem of infrastructure regulation, the discourse within the Hearings dealt explicitly with labor relations, and, as we saw with Lawrence's testimony, there was a strong planning element as well. This suggests that, when viewed in the context of sectoral conflict, Brandeis and his band of Progressives were hardly the naïve trust-busters seen by many scholars.[57]

And it is only when viewed in the context of sectoral conflict that the Taylor Society--and thus the Keynesian elite in the New Deal state--can be understood.

e. the Taylor Society, 1910-1936

The historical trajectory of the Taylor Society is well-defined: the organization that emerged in 1910 in the Eastern Rate Case ended in 1936 in a double dissolution: its reform cadre fused with the New Deal state apparatus, and its organizational structure was transmuted, through merger with the Society of Industrial Engineers (and in the context of the Thermidorean reaction of the late 1930s), into the increasingly conservative Society for the Advancement of Management (S.A.M.).

At first what would become the Taylor Society was only a current within the main industrial engineering organization at the beginning of the twentieth century, the American Society of Mechanical Engineers. Established in 1880, and at first controlled by the businessmen-mechanics who organized it, economic expansion and socio-technical development generated a structural transformation of the economy, and produced a shift in the locus of engineering practice to giant industrial corporations. By the first decade of the twentieth century the ASME had come to be dominated by the "big business" bloc in the organization, especially the utlitities and their service organizations.[58]

But if the late 19th century was the era of infrastructure investment, the early twentieth century was a period of a rapidly developing mass-oriented capitalism, and of the growth of modern medium-sized firms supplying a variety of consumer and capital goods to an expanding national and international market. The social composition of the ASME reflected these transformations. On the one hand, there were large numbers of corporate employees loyal to the utilities and related firms that employed them. On the other, there were growing numbers of professional engineers linked to medium-sized consumer-oriented businesses that oppoosed utilities control.

Although Frederick Taylor and corporate power are frequently linked in accounts of the origins of scientific management, Taylor was the leading apostle of independent professionalism. Indeed, Taylor expressed contempt for the financiers and their representatives in the ASME.[59] Within the ASME the astute political leader of scientific mangement, Frederick Taylor's associate Morris L. Cooke, "grasped the key fact that the hard core of resistance to scientific mangement came from the public utilities and railroads acting together as a sort of monopoly interest within the engineering profession. By shifting emphasis from the virtues of scientific management to the vices of the utilities, [Cooke] was able to broaden the base of his appeal and link the efficiency crusade to the national Progressive movement."[60] Moreover, Cooke understood the sectoral structure of his opposition, identifying "three groups that served as carriers of utilities influence: employers and officers of the utilities; engineers affiliated with their suppliers, such as the manufacturers of electrical equipment and steam boilers; and consultants whose practices depended upon the utilities."[61] Thus, the input-output matrix of the securities bloc was well-known to the major technocratic leader of American Progressivism.

Unlike the conservatives who dominated the ASME at the turn of the century, and who were linked to large corporate organizations, especially the utilities, the milieu that formed around Frederick Taylor was drawn mainly from the machine-tool and light manufacturing industries.[62] "In contrast to mass production, scientific management had its origin in and is to be found today [1928] chiefly in small and medium sized plants making variable items, or standard items variable as to detailed characteristics, or multiple purpose machines which require human regulation and attention as work varies."[63] One must bear in mind that the kinds of firms refered to as "light manufacturing" only really developed with the completion of the infrastructure--the transportation, power, and communications grid that was the *sine qua non* of a national market and modern capitalism. With the completion of this infrastructure the framework was established for the

development of modern, diversified, mass-oriented captitalism--and in this sense the deepening conflict within the ASME, and throughout American society, was inevitable. Reflecting this shifting balance of power, in 1906 Taylor, supported by a growing number of followers, gained the Presidency of the ASME.

The open political combat with the securities bloc that characterized the period after 1907 transformed what was before 1910 just a current within the ASME into an organizational strategy and structure in the course of the Eastern Rate Case. This led both to the formal organization of the Taylor Society and to the expansion of the Taylorites' role as the brains trust of the Progressive struggle to regulate railroads and utilities. On the eve of World War One, for example, Cooke and Brandeis formed the Utilities Bureau. Intended as a political and technical brains trust and service organization for Progressive municipal and state governments, it attracted critical cadre, such as Felix Frankfurter, but failed to gain the response that Cooke and Brandeis had hoped for.[64] Then, during the War, " . . . all of the officers and many members of ths Society became completely absorbed in war work,"[65] especially in the Ordnance Department, the Emergency Fleet Corporation, and The United States Shipping Board, where they were responsible for initiating and implementing social democratic labor policies, including the 8-hour day, union recognition, and union-management cooperation.[66]

From 1907 to 1919 the Taylor group within the ASME grew in influence, and by 1919 the Taylorites seemed to control the Society.[67] Similarly, Progressivism gained strength in other engineering societies, though the ASME remained in the vanguard of Progressive engineering.[68] On the crest of the short-lived post-war insurgency, the four major engineering societies--the ASME, ACE, AIME, and the AIE--formed, as an expression of Progressive unity, the Federated American Engineering Societies, with Herbert Hoover as its first president. Hoover immeditely initiated the first major project of the new organization, a study of waste in industry. Of the seventeen members of the FAES appointed to plan the investigation, 11 were Taylorites. The second major undertaking of the new organization was the investigation of the 12-hour day in the steel industry. In this case, however, it was Morris Cooke who took the intitiative. Indeed, Cooke, in the wake of the 1919 steel strike, had already carried out his own investigation with the help of Horace B. Drury.[69]

By 1923, however, the Taylorites were in retreat, a retreat marked by the political defeat of Morris Cooke within the ASME.[70] As a result, the Taylor Society, increasingly alienated from the growing conservatism of the engineering societies and the ASME, struck out more on its own.

In the aftermath of war, and in the context of the problem of contracting or stagnating markets, the Taylor Society expanded its perspective to include the problem of sales and marketing, and by the mid-1920s the Society had become the major force in the proliferation of union-management cooperation schemes, and had become involved with the proto-CIO forces linked to Brookwood Labor College.[71] And in his Presidential Address to the Taylor Society in 1928 Morris L. Cooke called for the creation of industrial unions.[72]

* * *

In this context the emergence CIO must be seen as a subordinate development within the broader praxis of the Keynsian elite.

Analysis of the key vote in the 1935 AFL proceedings shows an obvious sectoral pattern. The core of the AFL was rooted in the local economy of urban trades and services--the building trades, on the one hand, and building service unions such as the Fire Fighters, Hotel and Restaurant Employees, Teamsters, Street and Railway Workers, on the other hand.[73] Add to this core the bloc of railway unions, and several craft-based manufacturing unions (Bookbinders, Boot and Shoe Workers, Leather Workers, Cigarmakers, Glass Bottle Blowers, Potters, and United Garment Workers) and one has delineated the institutional sources of the anti-CIO vote. The three major blocs--the building trades, urban services, and railroad unions--accounted for nearly 90 percent of the anti-CIO vote.[74]

Among those voting in favor of the CIO proposal, unions in the clothing, mining, and printing industries accounted for 84 percent of the vote. The clothing and accessory unions emerged out of the context of Brandeis-inspired union-mangement collaboration, and were embedded in the political economy of the dry goods sector of mass consumption. Indeed, it was at the initiative of the merchant elite that Brandeis was brought into the affairs of the clothing industry, and it was the merchants who pressured the manufacturers to accept collective bargaining.[75] Similarly, union-management cooperation schemes were in effect in segments of the publishing industry, thus accounting for the presence of the International Typographical Workers Union and the Printing Pressmen among the supporters of the CIO. (In this context note the close connection between the print media and the advertising strategy of the mass retailers). And by the late 1920s the UMW and John L. Lewis had a taste of union-management cooperation in the Rocky Mountain Fuel Company of Colorado, while Lewis's experience during and after World War I as a Wilsonian Democrat had brought him into contact with the Keynesians in the state apparatus,[76] and,

like Sidney Hillman of the Amalgamated Clothing Workers, Lewis had come to see the necessity of positive state intervention.[77]

This excursion into the genesis of the CIO suggests the pivotal position occupied by the Taylor Society. After the formation of the CIO Francis Goodell, under the supervision of Morris Cooke, wrote *Production Problems: A Handbook for Committeemen of Local Lodges of S. W. O. C.* (Steel Workers Organizing Committee);[78] and Cooke authored, though Murray's name appeared on the finished product along with Cooke's, *Organized Labor and Production*.[79] Lee Pressman, CIO general council, began his career as one of Frankfurter's students, then did a stint in the Keynesian-dominated Agricultural Adjustment Adminsitation, Works Progress Adminstration, and National Youth Admistration, finially linking up with Sidney Hillman as general counsel for the CIO.

* * *

By 1927--to resume our chronolgy--the Taylor Society had developed a broadly Keynesian approach to the economy. The February 1928 Issue of the Society's *Bulletin* reported on a special meeting--the high point of the Society's political efforts up to then--organized jointly by the Taylor Society and the Pollak Foundation, the think-tank funded by Wadill Catchings of Goldman Sachs, and the source of a major stream of Keynesian texts authored by Catchings and William T. Foster.[80] The titles of the key articles are suggestive: "Must Prosperity Be Planned? Can Effective Demand Be Adapted, Controlled and Graduated in Step with the Constant Increases in Productive Capacity?" by H. B. Brougham (Pollak Foundation); and "High Wages and Prosperity" ("I should like to lay before this meeting . . . my conclusion that the prosperity of the country will be hastened and increased more than in any other way, by rapid increase of wage rates, where machinery makes this possible.") by Henry H. Williams of the R. T. French Company.[81]

In 1928 the Keynesians underwent a qualitative escalation in their political struggles, working with Robert Wagner in the shaping of his pro-labor "Three Bills,"[82] and by 1931 the Taylor society had become an important presence in the New York State Executive branch under FDR, where Morris Cooke was the Governor's chief advisor on electric power, and where the Taylor Society cadre became the core of Frances Perkins' efforts to develop an employment stabilization plan.[83] In 1931 the "the Taylor Society [was] asked by a member of Congress to prepare a bill providing for national planning."[84] And the Taylor Society, together with its circle of associates, provided the Keynesian witnesses for Senator LaFollette's Senate

Subcommittee on Manufactures *Hearings on the Establishment of a National Economic Council.*

The hearings, in fact, were a set-up engineered by LaFollette, in collaboration with, among others, Sidney Hillman of the Amagamated Clothing Workers and Harlow Person of the Taylor Society--a set-up whose purpose was the neutralization of the growing corporatist appeal being made by Swope, Harriman, and others. LaFollette, in his conduct of the Hearings brought the main ranks of the Taylor Society's leadership into direct combat with Swope, Harriman, and other corporatists,[85] with LaFollette, as chairman, asking leading questions with the obvious intent of undermining the claims of the corporatists.[86] From that time onward the struggle against corporatism deepened. The Keynesians were strong enough to get sections of the National Recovery Administation--the Consumer Advisory Board and the Research and Planning Division--as their bailiwick, and it was from these bastions that the Keynesians lauched a succesful effort to discredit the corporatist NRA in 1934-35.[87]

We should not be suprised, therefore, to find that by 1936 the Taylor Society cadre and sympathizers permeated the Second New Deal state apparatus. From the beginning of its organizational history in 1910 to its triumph in the Second New Deal in 1936, the Taylor Society--the leading scientific management organization of its time, the most theoretical, the most radical, and the most international[88]--was at the core of the liberal reformist political formation that by the 1930s would be called "Keynesian."

In 1937 Harlow Person, in a long theoretical letter to Morris L. Cooke, analyzed the origins of the 1937 recession.

> The manner in which the United States pulled out of earlier depressions was by making ownership pay the price of writing down inflated capitalization through widespread bankruptcies, and by making labor pay the price of unemployment. Following a period of drastic surgery of this kind, new owners acquired productive properties unencumbered, workers came back to work at lower wages, thus developing a situation favorable to profits and activity along conventional lines--and unfortunately to a resumption of the course that leads again through speculation and inflation to another depression.
>
> In respect of the depression which began in 1929, it was recognized by January 1932 that psychologically the corner around which renewed prosperity was believed to lie was too dangerous to

> be turned in the above conventional manner. The RFC [Reconstruction Finance Corporation] ws devised to ward off bankruptcies of the big fellows. Later, a similar shoring-up was brought to bear more generally on industry, agriculture, and home-owners. Relief and public works were employed to restore purchasing power and stimulate business activity. These efforts were independent of simultaneous efforts to remove fundamental causes of depression. The stimulus of RFC was successful, but the burden of capitalization and debt carried over was too great for a spontaneous and rapid increase in business activity. The measure which had been taken to prevent universal bankruptcy was a measure which made impossible a rapidly accelerating progress out of the depression.[89]

These remarks proved to be the swan song of Keynesianism, and suggest a way of approaching the kind of mega-corporatism embodied in that peculiar synthesis of corporatism, Keynesianism, and raw materials imperialism that came to characterize the Cold War welfare state. As well as containing an astute critique of the U. S. political ecnomy at its most critical juncture in the twentieth century, this letter demonstates two things of immediate relevance to the more limited purposes of this paper: that Second New Dealers were not naïve trust-busters; and that sectoral conflict was the force field out of which both the Taylor Society and Keynesian ideology and politics emerged.

Now, instead of treating the Society as an undifferentiated noun, it is necessary to look at its internal structure *qua* network of inter-organizational relationships: the accumulation logic of mass capital.

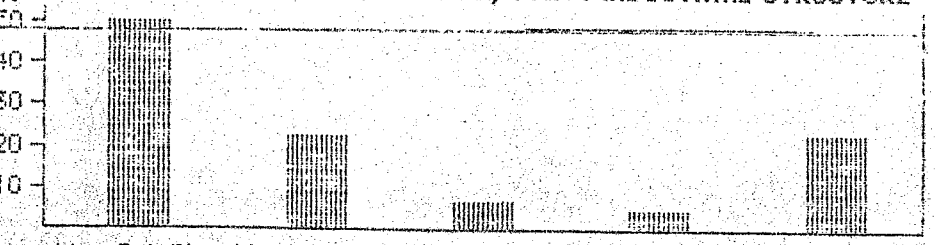
iii. TS as accumulation logic of mass capital

The underlying structure of **FF x TS** is most readily revealed through analysis of the Taylor Society, which contained the greater detail of capital formations, inter-organizational linkages, personnel networks, and discursive behavior.

Figure 9 shows that the Taylor Society's *manufacturing* membership was comprised primarily of mass-oriented firms in dry goods and housing (50% and 23%, respectively). Together with a group of diversified, mass-oriented machine and instrument firms (whose sectoral orientation is not as obvious from Figure 9 alone), these firms comprised nearly all of the Society's manufacturing membership. Thus, analysis of the membership list of the Taylor Society shows that its firm members were contained within the

sectoral boundaries of mass consumption: retail trade and its manufactured inputs; housing finance and its manufactured inputs; and capital goods suppliers to mass production.[90]

FIGURE 9. THE TAYLOR SOCIETY, 1927: INDUSTRIAL STRUCTURE



	Mass Retailing	Mass Housing	Narcotics	Automobiles	Machines and Tools
Bliss Codes	14+42+43+12	13+18+2	11+17	15	3
	semiotics: publications containers other producer supplies wearing apparel personal equipment	house furnishings and household supplies; recreation; construction materials	foods tobacco beverages drugs medicines sundries	auto-mobiles and auto-mobile bodies and parts	capital equipment

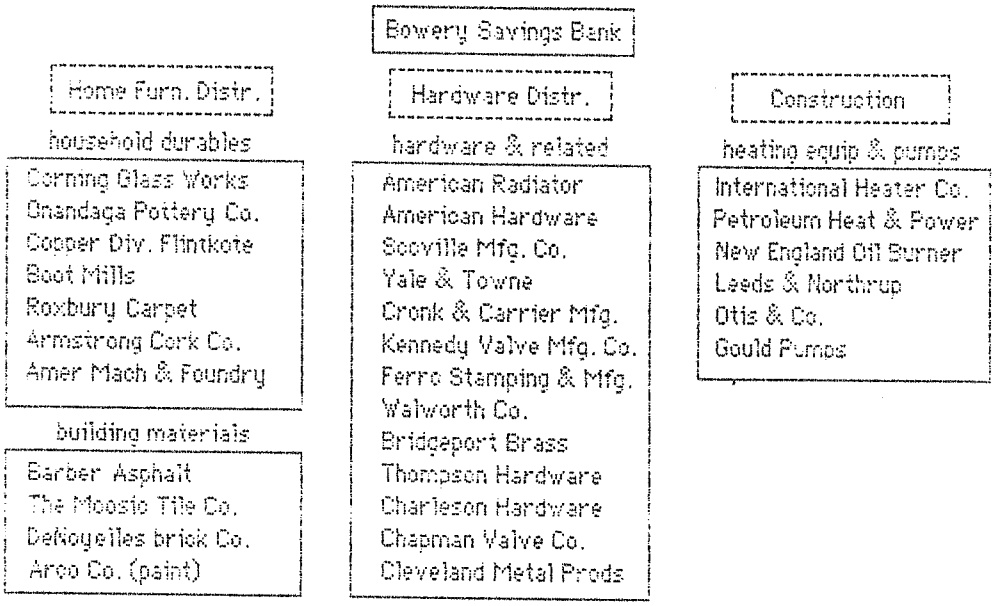
Source: "Membership List, May 1927," in the Morris L. Cooke Papers, box 66, Franklin D. Roosevelt Library, Hyde Park, New York.

Second, a closer look at the organizational composition of the Society reveals that only 54% of its members were drawn from manufacturing organizations (these were generally CEO's and other upper management personnel). The remaining 46% came from the producer services organizations and professions linked to mass capitalism (see Figure 13). In this respect the structure of the Taylor Society, as we shall see, reflected the political economic subordination of manufacturing to the service functions and organizations hegemonic within the logic of accumulation of mass capitalism. Even among the Society's manufacturing organizations, functional differentiation and asymmetrical linkage was the rule. It was not the horizontally organized concert of similar interests, but rather the vertically organized functional relations of realization, that provided the force field that shaped strategy and structure. This becomes apparent when one examines inter-organizational patterns among the Society's manufacturing membership.

Starting with the mass housing sector of the Taylor Society, we find an austere sectoral configuration containing, on the one hand, Henry Bruere (CEO of the Bowery Savings Bank and one of the influentials in the Mutual

Savings Banks Association--the largest supplier of capital to the housing industry); and, on the other hand, a remarkably compact set of capitals: the suppliers of manufactured inputs to the housing industry. Except for Leeds and Northrup's Morris Leeds, and several representatives of the Walworth Company, none of these manufacturing CEOs played a major role in the leadership of the Society. Bruere, however, was on the equivalent of the Central Committee of the Society.[91]

FIGURE 10. THE TAYLOR SOCIETY, 1927: MASS HOUSING SECTOR



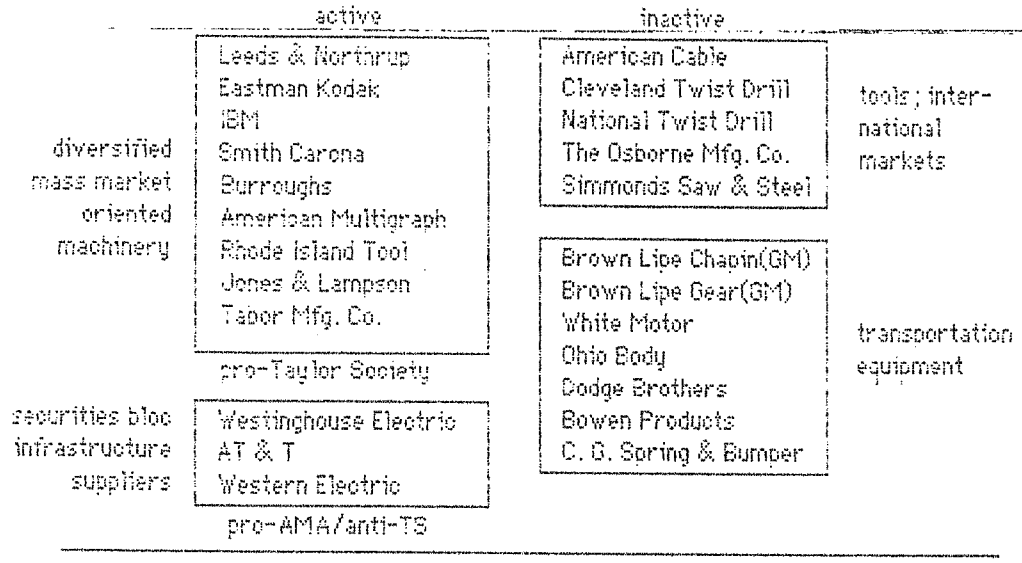
Source: "Membership List, May 1927," in the Morris L. Cooke Papers, box 66, Franklin D. Roosevelt Library, Hyde Park, New York.

The intermediate service organizations in construction, real estate and distribution that are part of the chain of housing-oriented functional activities are represented in Figure 10 by the dotted boxes. Although not present in the Taylor Society (which included hegemonic not intermediate service organizations), such non-manufacturing housing and real estate firms are found among the regional supporters of the Second New Deal in the political configurations shown in the New York Closeup of 1936 (campaign contributions to FDR's relection effort), and the 1938 Ezekiel lists of "Liberal Businessmen (see Figure 5).

The tool and machinery sector of the Taylor Society (Figure 11), includes IBM and Eastman Kodak, two of the important Keynesian firms from the world of industrial capital. Although the major roles in the elite political world were going to bankers, merchants, lawyers, and technocrats, metal & machinery manufacturing firms that did play an active part were, like IBM

and Eastman Kodak, those in which the marketing function was most acutely and systematically developed.[92]

FIGURE 11. THE TAYLOR SOCIETY, 1927: MACHINERY SECTOR



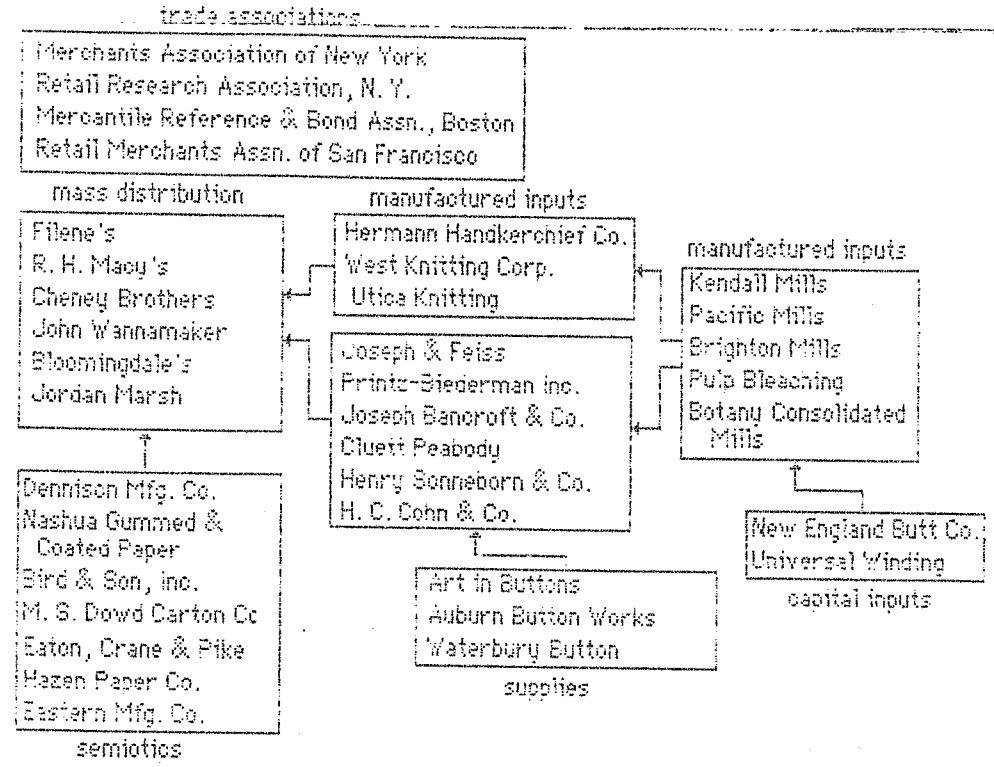
Source: "Membership List, May 1927," in the Morris L. Cooke Papers, box 66, Franklin D. Roosevelt Library, Hyde Park, New York.

The tool and machinery sector has been divided into active and inactive firms in order to correct the most widespread misconception of the Taylor Society's links to capital. Although what references there are to the Taylor Society's capitalist membership assert that "Big Businesses" such as AT & T came to control the Taylor Society in the 1920s,[93] such was not the case. During the 1920s the AT & T management sought to maneuver the Taylor Society into a subordinate position in relation to the much more conservative American Management Association (AMA), striving ultimately for its disolution as an independent Keynesian formation. Morris Cooke and Harlow Person, the diumvirate of the Society, successfully fought off these attempts to weaken the Keynesian thrust of their organization.[94]

The largest sectoral bloc among the Taylor Society's manufacturing firms is represented by Figure 12, the mass distribution sector. It is comprised not merely of clothing and clothing-related industries; it is a coherent complex formed by the actual input-output relations among these firms, and reflects the marketing-oriented functional hierarchies of this dry goods sector of mass capitalism. The mass distributors are included in this figure because they comprised the apex of an organizational complex oriented toward mass consumption, while service organizations, such as the

Merchants Association of New York, are included to show the full extent of the "service" functions contained within the Taylor Society.

FIGURE 12. THE TAYLOR SOCIETY, 1927: MASS DISTRIBUTION SECTOR



Source: "Membership List, May 1927," in the Morris L. Cooke Papers, box 66, Franklin D. Roosevelt Library, Hyde Park, New York.

The input-output flows indicated by Figure 12 are apparent. Clothing and accessory manufacturers sell to the mass retailers (or do a good deal of mass retailing on their own) and buy from textile manufacturers, who in turn must consume capital inputs, while button manufacturers feed their output into the clothing industry.[95] (There was intra- as well as inter-firm coordination in the dry goods sector of the Society. Other manufacturing firms in the Taylor Society included vertically integrated textile and clothing manufacturers that conducted their own retailing operations.[96])

Less clear, but of great importance, is the role of the *semiotics* industries, here defined as a subset of the paper, packaging, printing, and publishing industries. The sales effort that is part of modern mass marketing strategy has, from the late 19th century onward, involved a proliferation of symbolism, a heavy use of advertising in the print and later electronic media, and a growing emphasis on the symbolic dimension of packaging. This functional relationship between the semiotics industries and the mass distributors is concretized in the Taylor Society: Henry Dennison, a

manufacturer of labels and packaging, was one of the leading chief-executive in the Taylor Society. His closest associate was Edward Filene, the most "progressive" of the important mass distributors in the United States.[97] Filene was one of the earliest employers of Louis D. Brandeis, a longtime close associate, and a major influence on Brandeis' political-economic outlook. Filene and Dennison were New England's leading Keynesian chief executives.

A striking empirical account of the primacy of semiotics in the genesis of the socio-technical system called mass production comes from David A. Hounshell's *From the American System to Mass Production, 1800-1932*. The "technological revolution" that is associated with the rise of mass production in the mid-nineteenth century in the United States was driven not by the logic of production, but by the logic of distribution. It was the clock manufacturers and distributors, Hounshell writes, who were riding a wave of bourgeoisification that generated an especially powerful desire for these regulating mechanisms. The penetration of capitalist time into the everyday temporal life of the citizen produced the need to inscribe oneself upon the new socius: to not only be *on* time, but to be (unfolding) *in* time. Thus, the clock, as a mid-nineteenth century commodity, was the first fetish to fuse mass distribution with mass production while simultaneously functioning to reorder space-time, and thus to become an operator upon the socius. Under these circumstances (given the low cost/value ratio for transportation services), the marketing potential for these simple devices was enormous, and manufacturers and distributors were driven to find new ways to meet their rapidly expanding opportunities. Thus, it was in the clock industry, precisely because of its less "high-tech" and more readily adaptable wood-based technology, with its greater tolerance of error (not the metals-based armaments industries with their more demanding accuracy requirements), that true "mass production" first developed in the United States.[98]

Several remarks are required now. First, these hardware, clothing, and other firms in the Taylor Society were among the largest and most modern in their industrial sectors, and enjoyed, within their sectors, a degree of hegemony. This was especially true of the clothing industry, where the large, modern firms created a sophisticated industry-wide system of political-economic controls through collective bargaining.[99] The too easily used label "small business"--which might well cover most of the firms in Figures 10 through 13--misses the point that what is modern and at the same time hegemonic or leading within a subsector of specialization varies with the nature of markets and technologies. In terms of what is modern, rather than what is big, it is the Taylor Society's constituency that stands out above all for its political economic and socio-technical sophistication. This

suggests that approaches to the structure of the national economy that consider only industrial but not service organizations, or that look at the top 200 firms but not at the next 2000, are inadequate. They render us cognitively unable to see the large and varied array of capital structures (and inter-organizational fields) bound up with the policy-making and state-building process that came to fruition in the Second New Deal, for these structures were not among the top 200, nor were they industrial forms of capital activity.[100] It is the firms of the securities bloc--the railroads, utilities, primary materials producers, and capital goods suppliers to these industries--that dominated lists of the top 200 firms in the United States during the period under investigation.

What is most striking about manufacturing in general is that, on closer analysis, much of it disolves into several groups of subordinate inputs to the major sectoral configurations: the securities bloc and mass consumption.[101] The Taylor Society contained the major manufacturing inputs of important segments of mass consumption, while the corporatist forces of the securities bloc incorporated another major group of manufacturing firms, such as U. S. Steel and General Electric. There is very little in the way of independent, autonomous political behavior at the level of national elite politics during and prior to the 1930s originating in the manufacturing "sector"--the age of the mulitnationals as a major political force is a post-war phenonomonon. On the contrary, large blocs of manufacturing firms were subordinate elements within the political economy presided over by the hegemonic service organizations of mass capitalism and the Securities Bloc.[102] (The U. S. Chamber of Commerce and especially the National Association of Manufacturers were not elite organizations, but rather mass organizations of smaller and simpler capitals that fused popular Protestant individualist ideology with a profoundly provincial concept of "interests.")

Now, when we look at the political activity of the Taylor Society, we find that it is precisely the Society's *manufacturing* members that are notable for their complete absence from the state apparatus. In fact, a closer look at the Taylor Society personnel matrix in the Second New Deal (Figures 7 and 8 and Appendix 2) shows that it is comprised entirely of *producer services* personnel, mostly professional manager-politicians, economists, social workers, merchants and bankers. Here *producer services* means that fusion of semiotic and cybernetic functions found in corporate headquarters, in research and development facilities, advertising, legal, and other business services, the media, and academia. This producer services sector must be distinguished from consumer services, which includes functions that are not defined by and situated within large, modern corporate-bureaucratic organizations. Indeed, if we use this cybernetic-

semiotic conception of producer services, then many chief executives and their staffs in the corporate complex can be seen as engaged in service-type activities.[103] Figure 13 omits these *firm-specific* service activities and maps only the *function-* and *sector-specific* service personnel in the Taylor Society.

In examining Figure 13 note the presence of the bulk of the professional management firms in the Taylor Society, and the sectoral patterns exhibited by the trade journals and trade associations--once again delineating mass housing, semiotics, and mass retailing. Next, note the two key progressive periodicals, the *Survey* and the *New Republic*, the administrative agencies deriving from the Wilsonian era of Progressive reform; the major mass consumer-oriented foundations; and the major universities.

Thus defined, almost half (46%) of the Taylor Society's members came from *function-* and *sector-specific* segments of producer services. It was from this segment of the Taylor Society that the technocratic elite of the Second New Deal were drawn. When one adds onto this list the proto-CIO labor organizations and leaders closely linked to the Taylor Society (see above) we have a group that is isomorphic to the labor-liberal coalition of the Second New Deal.

This pattern of *skewed* representation must be generalized: an examination of the level and type of activity of the Taylor Society's members, based on an analysis of the Society's annual gatherings, leadership meetings, internal correspondence, and participation as witnesses at Congressional Hearings (as well as examination of the TS personnel matrix in the Second New Deal state apparatus), reveals that with increasing levels of organizational participation and cybernetic breadth there is a progressive *skewing* of the socio-technical profile of the participants toward sector- and function-specific producer services. It was the professional managers, economists, social workers, journalists, bankers, and merchants who became the cadre of the Keynesian elite, and of the welfare state.[104]

This concept of skewing has an important political dimension. The participation of mass-oriented capitals in the Taylor Society does not mean that the executive cadre of these firms shared the same liberal, cosmopolitan, systems-oriented, scientific mangement perspective characteristic of the service-oriented leadership of the Society. On the contrary: it is the essence of the notion of functional hierarchies that strategic perspectives are shaped by functional and sectoral *loci*, and that therefore higher-order functional positions will generate their characteristic

cognitive orientation and political praxis. It was the mass retailers and mass-oriented bankers who shared a broad Keynesian perspective, and who occupied leadership roles at the level of national politics and the state. On the other hand, the subordinate firms were contained within the force-field of the realization process of their sector, and were thus directly under the hegemonic influence of their service-oriented higher-order leadership formations which dominated their sector's realization process as a whole. Skewing, a consequence of functional and hieriarchical differentiation, therefore implies the development of internal conflict as an inherent property of social formations, such as the Taylor Society, which are at the center of the modern political economy. *Skewing* is thus a political phenomonon of a fundamental kind, linking the semiotic/cybernetic with the structural, and always involves a synthesis emergent on a level of greater cybernetic control, complexity, and power.

One aspect of skewing can be seen in the kinds of stresses and conflcits generated by the opportunities the Taylor Society faced. From 1925 to 1936 the Society was occupied with the question of merging with the Society of Industrial Engineers. One finds in the correspondence of the leadership of the Society during this period evidence of a growing polarization and hierarchical distancing between the professional-technocratic function-specific leadership of the Society and its manufacturing (not retailing) chief executives. The professional-technocratic leadership--Morris Cooke, Harlow Person, and others--thought of the Society as the "spear-point" of scientific management thinking and strategy, and did not want to dilute its intellectual cohesiveness in order to meet with the approval of the average provincial manager. More to the point, it was the professional-technocratic elite of the Taylor Society that was increasingly oriented toward state power as the arena within which to create institutions of macro-economic controls. It was this cadre that was most resistant to the idea of a premature merger with the SIE.

The SIE, it is clear from this correspondence, was seen as comprised of younger, more technically and less managerially oriented employees of the lower and middle management ranks, with a much more limited outlook than the Taylor Society memberhsip. The Taylor Society saw itself as older, comprised largely of chief executives and service personnel, and possessed of a coherent program of scientific management less bound to specific shopfloor practices. But some in the Taylor Society thought it would not be a bad idea to merge and "broaden" the appeal of the Society. These were largely firm- rather than function-defined members of the Society, and manufacturers rather than merchandisers. Thus, there is evidence of a polarization along the lines of functional differentiation not only within the

...ss consumer sector, but within the Taylor Society itself. The skewing within the Society was in the direction of greater cybernetic breadth and power.[105]

In this context Arthur Schlesinger Jr.'s statement--that the New Dealers were " . . . mostly lawyers, college professors, economists, or social workers"--is both true and misleading. It is true in that, on the level of a theoretically naive empiricism, this description of the Second New Dealers is valid. It is misleading, however, precisely because what we are dealing with is first, the divison of labor within the mass consumption sector which shaped the praxis of these lawyers, college professors, economists and social workers; and second, with the dynamic of functional and hierarchical differentiation that generated, at the apex of its developmental logic, that personnel matrix--the Keynesian Elite in the New Deal state-- that we have referred to as: **FF x TS.**

x x x

This genetic account of Keynesianism *reduces* certain key events to their structural and historical components. Structurally, instead of looking at the documentary evidence generated by the administrative activiites of the state, at the activitites of politically prominent New Dealers, at party politics and rhetoric, and at Congressional behavior, we have found that the genetic matrix we are searching for can be uncovered only in certain archeological strata, and is concealed by later deposits. The key strata are found in the functional peaks of the mass consumption sector, in the political-economic discourse of Louis D. Brandeis and his set of Progressive business associates, and in the inter-organizational matrix of mass capitalism known as the Taylor Society. And instead of looking at the external circumstances of the Depression and confining ourselves to the 1930s, we look back at least as far as 1910, and focus on the long-term internal development of the mass consumption sector as the source of the Second New Deal as policy as well as personnel. And--perhaps most striking to conventional views of the politics of the 1930s--there has been almost no mention of Roosevelt himself. This is because of the dual role of the President as both broker among competing elites at the level of the state, and as Party leader and strategist. The objective of the President was to forge a stable elite coalition on the one hand, and to manage the domain of electoral politics on the other. The Presidency was not the arena within which developed the logics of accumulation of historically specific sectors of capital, only the arena within which the elites generated by such logics sought hegemony and were forced to compromise. A decoding of the the politics of the Second New Deal therefore bypasses FDR and focuses directly on the Keynesian elite instead.

A few examples will indicate what this means.

One can deconstruct the National Labor Relations Act in the following way. First, Senator Robert F. Wagner--at the level of analysis that treats origins but not destinies--was a removable singularity. That is, if one narrows one's interests to the question of the origins of the NLRA and its corresponding center of state power, the National Labor Relations Board (later accused of being "communist-dominated"--a code-word for the *FF-TS* matrix), then one finds that Wagner's aides, Isador Lubin of the Taylor Society and the Brookings Institution, and Leon Keyserling, a young lawyer out of the Brandeis-Frankfurter milieu, were both part of the Keynesian reform matrix closely identified with that system of relations and strategy of organizational development found in the clothing unionism that emerged in 1910. The origins of the NLRA are found in 1910, not 1933 or 1935.[106] The political-economic matrix that emerged was elaborated thereafter in the experience of World War One, then in the host of union-mangement cooperation installations of the 1920s, and finally in the formation of a Taylor Society-Brandeis-linked Progressive bloc among the AFL unions in 1927 that called itself the Brookwood Labor College and published *Labor Age*. As we have seen, it was this Brookwood bloc of unions that would become the CIO of 1935.

By the time the NLRA was actually passed, however, its deep logic was buried under the archeological layers of mass politics, with its logos of resentment (the emphasis on justice, etc.), and bureaucratic administration, with is narrow technical and legal discursive orientation (the emphasis in the Hearings on the interstate commerce clause as justifying government intervention!). Passage of the Act--a codification and institutialization, at the level of the state, of a complex of well-established practices and relationships--had become politically possible.

One can also, in a similar manner, derive the rationale for the Tennesee Valley Authority from a key Progressive document: Brandeis' July 29, 1911 letter to Robert M. LaFollette during the so-called Pinchot-Ballinger controversy--a textbook account of Progressivism as the political economy of modern capitalism. The controversy revolved around the question of the legality of claims that opened development of the Alaskan coal fields to the Guggenheim mining interests. Although usually interpreted as a conflict between pro- and anti-conservationists, the strategic logic of accumulation is the evident generatrix of Brandeis' texts on the subject. "All the wealth is of no good," Brandeis wrote, "without development, and the first step in the development is an adequate system of transportation. . . . Development of transportation and other facilities by the capitalists [the Morgan-Guggenheim

dicate] would, in a way, seriously impair development, because to give em a return which would seem to them adequate would entail rates . . . which would tend to retard development . . . The essential thing . . . is to provide through the general government those facilities essential to the development of the country . . . . [T]he government should undertake not merely to build the railroad from Controller Bay to the coal fields, but . . . it should now acquire all the railroads in Alaska, and settle at once the policy of government ownership in Alaska; [and] it should similarly provide for the development through the government of the other public utiltiies, as it has of the telegraph and telephone . . . ".[107]

Deficit spending as an explicit strategy? In the ascent of the Keynesians in the Second New Deal the ground was prepared; in the sharp recession of late 1937 the occasion occured: Harry Hopkins, FDR's closest advisor, consulted first with leading Keynesians Aubrey Williams, Leon Henderson, and Beardsley Ruml of R. H. Macy's. Then, armed with arguments and memoranda, Hopkins proceeded to Warm Springs, Georgia to persuade FDR to embark on a Keynesian spending program.[108] Roosevelt's *decision* is easly to explain: it was made--in the genetic sense--in the underconsumptionist arguments that had become dominant within the mass consumption sector of capital. It was developed, from 1910 to 1931, in the struggle for an underconsumptionist political economic strategy by the Keynesian elite. Roosevelt's decision was dependent on politics--the shift to the "left" in the 1935-1937 period; and dependent on circumstances--the 1937 recession. At this level of anlaysis, FDR is of secondary significance.

This approach leads to a reinterpretation of the origins of the legitimating rhetoric of reform. Since it was the accumulation logic of mass capitalism that generated the deep structures and praxiological thrust of the matrix of reform objectives associated with the Labor-Liberal coalition of the Second New Deal, we are led to the conclusion that a good deal of what has been ascribed to popular democratic influences in the Second New Deal was in fact generated by the strategic Keynesianism that emerged from within the accumulation process of modern capitalism itself, *however nicely resurgent populism and social democracy could be synthesized with the developmental strategy of the Keynesian elite.* Much of what we see as "humanitarian liberalism" was actually the result, on the level of discourse, of the fusion of populist and democratic imagery with the far more organizationally effective functional language derived from the logic of the accumulation process of mass capitalism.[109] The inter-organizational field of the circuit of realization of mass capitalism generated the topology over the field of discourse of the Keynesian configuration.[110]

iv. conclusion

Although McCarthyism and the Cold War are usually refered to as post-war phenomena, they clearly had their origins in the summer of 1937, when a tremendous reaction against the insurgency of the sit-down strike era set in, and FDR suffered major political defeats on fundamental questions relating to the scope and authority of the executive.[111] One of the significant characteristics of these defeats is that they involved the mobilization of the sentiments of resentment by Congressional conservatives of both parties. This Thermidorean reaction found its corresponding expression on the shopfloors of industrial America as well: the study of local union politics during the 1930s gives one a sense of a deeply structured and hotly contested system of ethno-occupational segmentation, and suggests that structural transformations of the conditions of work, as well as in patterns of status and income, are woven inseperably into electoral as well as shopfloor politics.

And it is precisely here that we can begin to uncover the process of hegemonization: on the one side, an increasing fragmentation, commercialization, and individualization, and thus, a weakening of the primordial bases for action. This is what is so strikingly about the social roots of artisan radicalism: for artisans, action sprang out of a matrix of kin, craft, and community. For modern industrial workers--or rather, the CIO-UAW cadre--action sprang out of an attachment to new roles in a functionally-differentiated expansion of the structure of shopfloor hegemony. Indeed, on a socio-technical level of analysis, the factionalism that rent the UAW from 1937 to 1939, pitting Homer Martin of the AFL faction against George Addes, R. J. Thomas and Walter Reuther of the CIO group, was rooted in the conflict of different socio-technical/ethno-occupational formations.[112]

The "welfare state" as a pattern of institutional, ideological, and electoral arrangements, one analyst has argued, must really be dated from 1939.[113] There is a new, higher-order combinatorial beginning to unfold in the late 1930s that generated the "welfare state." That is why there is something very profound in the stalemate that occured in the late 1930s--and why the epoch of the welfare state must be treated as a different toplogical space from that within which the Keynesian elite unfolded, one appropriate for the cold war synthesis that was made at a higher level of abstraction, where sector-specific logics of accumulation were only one set of inputs into an increasingly distended and unstable feedback-based meta-system of post-war politics.

To a great extent our post-modern socio-semiotic, as distinct from an earlier topology of the social over which kin and culture ruled,[114] is the product of a limited strategy of the expanded reproduction of mass capital and the commodification of everyday life, combined with a mega-corporatism, in which the sweep of organizational power as agent of socialization produces behaviors both adaptive and reactive. It is the dynamic, interactive character of this relationship between political economy and the social-semiotic, its multi-dimensional feedback configuration, its exponential promise of discontinuity and rupture, that holds our attention. Nevertheless, we began with *political economy,* and an examination of the core socio-political formation in the making of the welfare state, the Keynesian elite in the Second New Deal, *circa* 1936, because the logic of accumulation under advanced capitalism has achieved unprecedented hegemony on a world scale.

FIGURE 5. THE KEYNESIAN ELITE IN THE SECOND NEW DEAL, 1936 - 1938

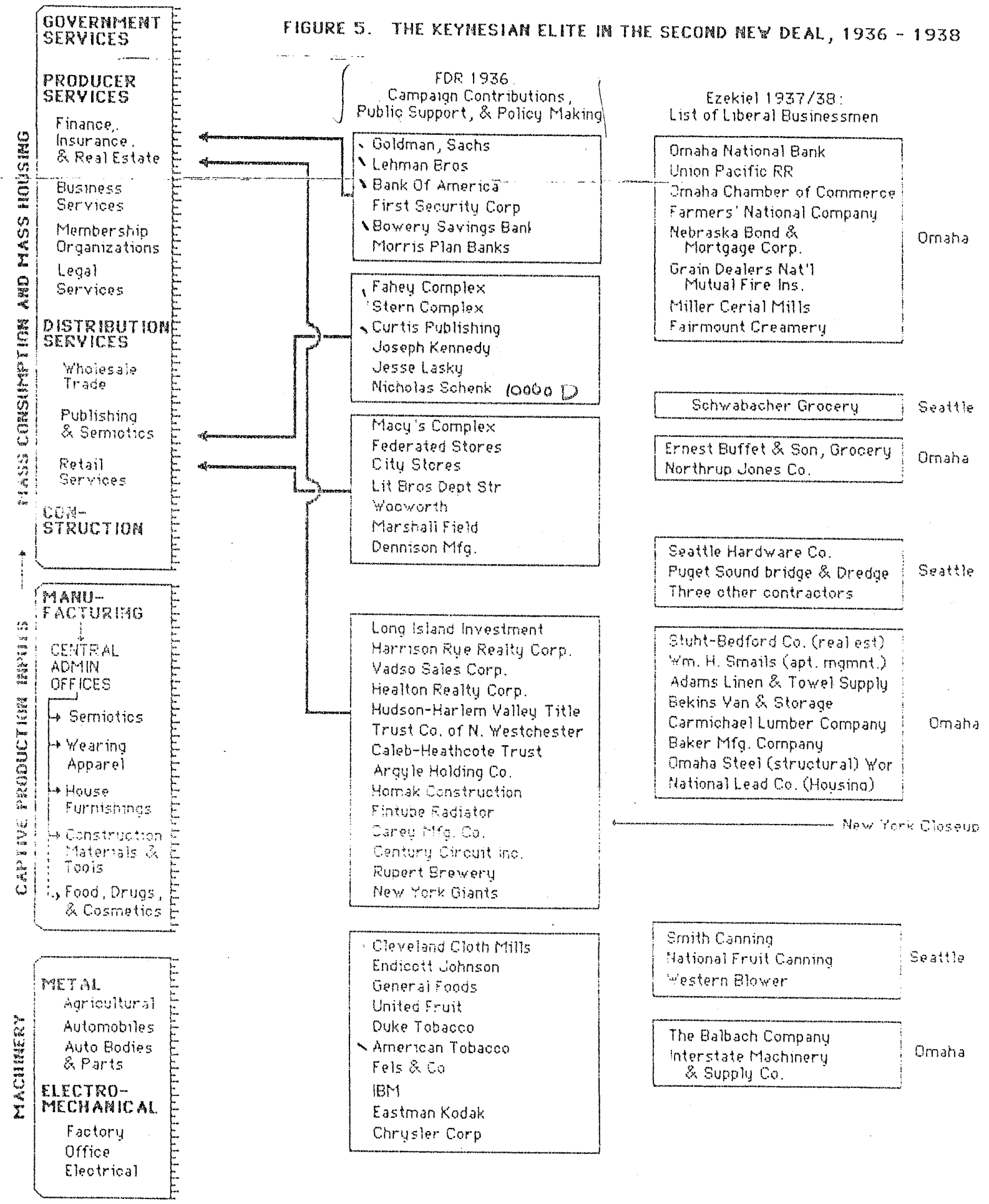


FIGURE 6. GOP CORPORATE SUPPORT: CAMPAIGN CONTRIBUTIONS, 1936

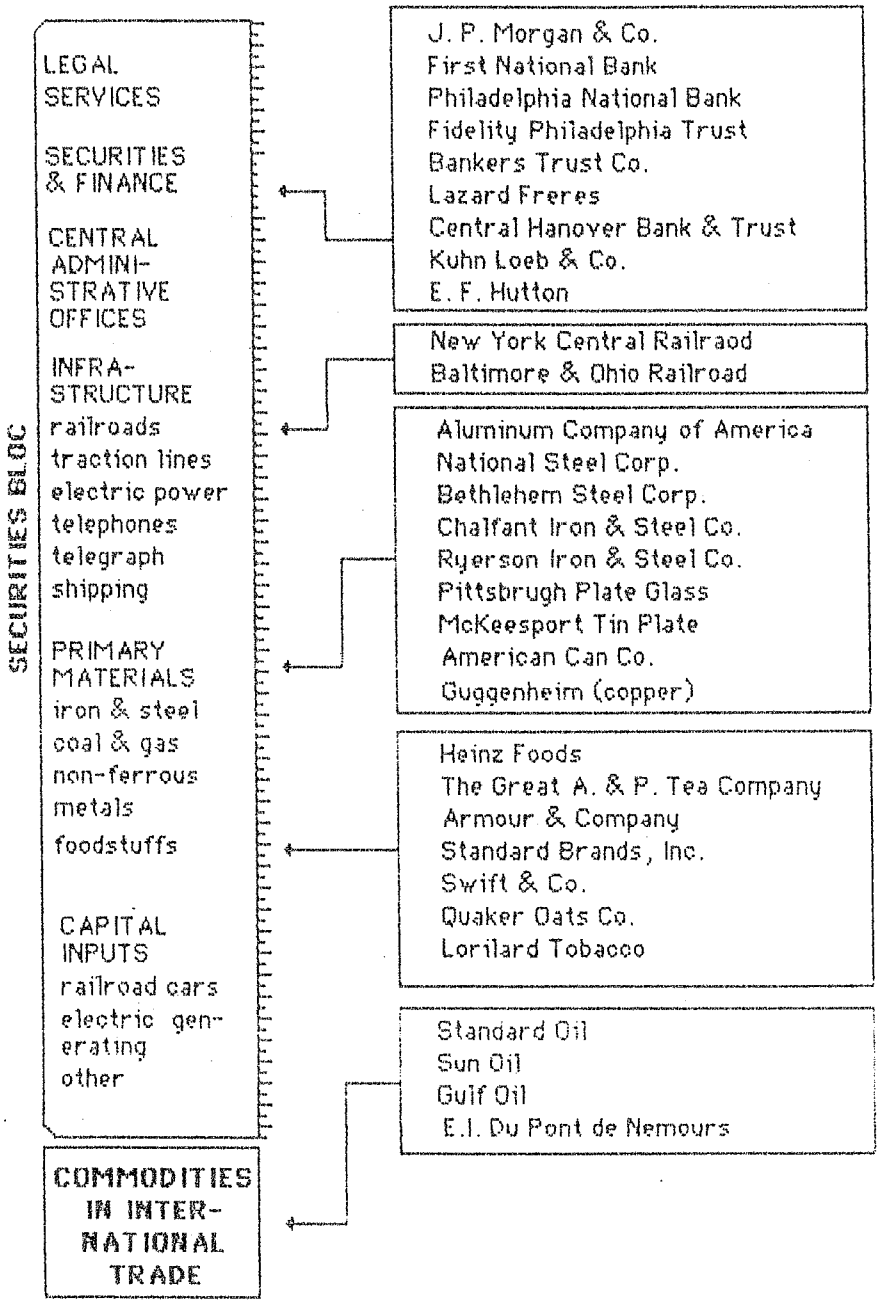


FIGURE 2. BUSINESS ADVISORY COUNCIL, 1933

Corporatists	Alexander Legg	International Harvester
	Alfred P. Sloan Jr.	General Motors
	Pierre Du Pont	E. I. Du Pont de Nemours
	Walter S. Gifford	American Telephone & Telegraph
	George H. Baldwin	Disbee-Baldwin Corporation
	Walter C. Teagle	Standard Oil Company of New Jersey
	Gerard Swope	General Electric Company
	Henry I. Harriman	United States Chamber of Commerce
	Fred I. Kent	
	Melvyn A. Traylor	First National Bank of Chicago
	Edward T. Stannard	Kennecott Copper Company
Internationalists	H. R. Safford	Missouri Pacific Railroad
	William A. Harriman	Union Pacific Railroad
	Fred J. Lingham	National Millers Federation
	William T. Kemper	National Bank of Commerce, Kansas City
Mass Consumption	H.P. Kendall	Kendall Company
	Henry H. Heimann	National Association of Credit Men
	Henry S. Dennison	Dennison Manufacturing Company
	Morris E. Leeds	Leeds & Northrup
	R. E. Wood	Sears Roebuck
	A. Lincoln Filene	William Filene's Sons Company
	De Lancey Kountze	Devoe & Reynolds Company
	Lew Hahn	National Retail Dry Goods Association
	Lionel J. Hoah	American Woolen Company
	Austin Finch	Thomasville Chair Company
	A. P. Greensfelder	Fruin-Colnon Contracting Company
	Everett G. Griggs	St. Paul & Tacoma Lumber Company
	Thomas H. McInnery	National Dairy Products Corporation
	Clay Williams	Reynolds Tobacco Company
High-Tech and Continuous Process Multinationals	Robert L. Lund	Lambert Pharmacal Company
	Ralph E. Flanders	Jones & Lamson Machine Company
	James H. Rand Jr.	Remington Rand Incorporated
	Thomas J. Watson	International Business Machines
Other	Robert G. Elbert	Aeolian Company & International Holding Co.
	Edward N. Hurley	Chicago
	William A. Julian	Treasurer of the United States
	Edmond C. Van Diest	General Service Corporation
	Arthur W. Little	New York
	M. L. Benedum	Pittsburgh (oil)
	Dr. C. K. Lieth	University of Wisconsin (geology)

SOURCE. "41 Leaders Call For Trade Planning." New York Times, 22 June 1933.

FIGURE 3. "BUSINESS ADVISORS UPHOLD PRESIDENT," MAY 3, 1935

Corporatists	Henry I Harriman	United States Chamber of Commerce
	E. T. Stannard	Kennecott Copper Company
	F. B. Davis	United States Rubber Company
Internationalists	Winthrop Aldrich	Chase National Bank
	W. A. Harriman	Brown Brothers, Harriman
Mass Consumption	Sidney Wienberg	Goldman, Sachs
	Lincoln Filene	William Filene's Sons
	Lew Hahn	National Retail Dry Goods
	George H. Mead	Mead Corporation
	H. P. Kendall	H. P. Kendall Company
	Charles A. Cannon	Cannon Towels
	Delancy Kountze	Devoe and REynolds Company
	Morris Leeds	Leeds and Northrup Company
	A. P. Greenfelder	Contractor
	H. H. Heinman	credit association
	William Julian	Queen City Trust Company
	Gano Dunn	Grace National Bank
Continuous Process Multinationals	R. R. Deupree	Proctor and Gamble Company
	Robert Lund	Lambert Pharmacal Company

SOURCE. G. William Domhoff, The Higher Circles: The Governing Class in America (New York: Random House, 1971), pp. 213-215.

FIGURE 4. CORPORATISTS, 1939: EZEKIEL LIST

Corporatists	S. Sloan Colt	Bankers Trust
	James E. Fogarty	North American Company
	James Forrestal	Dillon Reed & Company
	Pierre Jay	Fiduciary Trust
	Lindsay Bradford	City Bank Farmers Trust
	Edward Stettinius	United States Steel
	Gerard Swope	General Electric
	Arthur Page	American Telephone & Telegraph
	William Batt	S. K. F. Corporation
	Edward L. Ryerson	Inland Steel
	George H. Houston	Baldwin Locomotive
	Wendell Willkie	Commonwealth and Southern
	Fred Williamson	New York Central Railroad
	Donaldson Brown	General Motors
	David Goodrich	Goodrich Tire
Mass Consumption	General R. E. Wood	Sears Roebuck & Company
	Donald Nelson	Sears Roebuck & Company
	Sewell Avery	Montgomery Ward
	Lewis R. Brown	Johns Manville Corporation
Continuous Process Multinationals	Clarence Francis	General Foods
	Gerald Lambert	Lambert Pharmacal Company
	Gerald Lambert	Gillette Razor Company
	E. E. Puryear	Texas Company

SOURCE. U. S. Department of Agriculture, Record Group No. 16, "Business Conditions" Folder, "Memorandum for the Secretary," Mordecai Ezekiel to Henry Wallace, April 11, 1939.

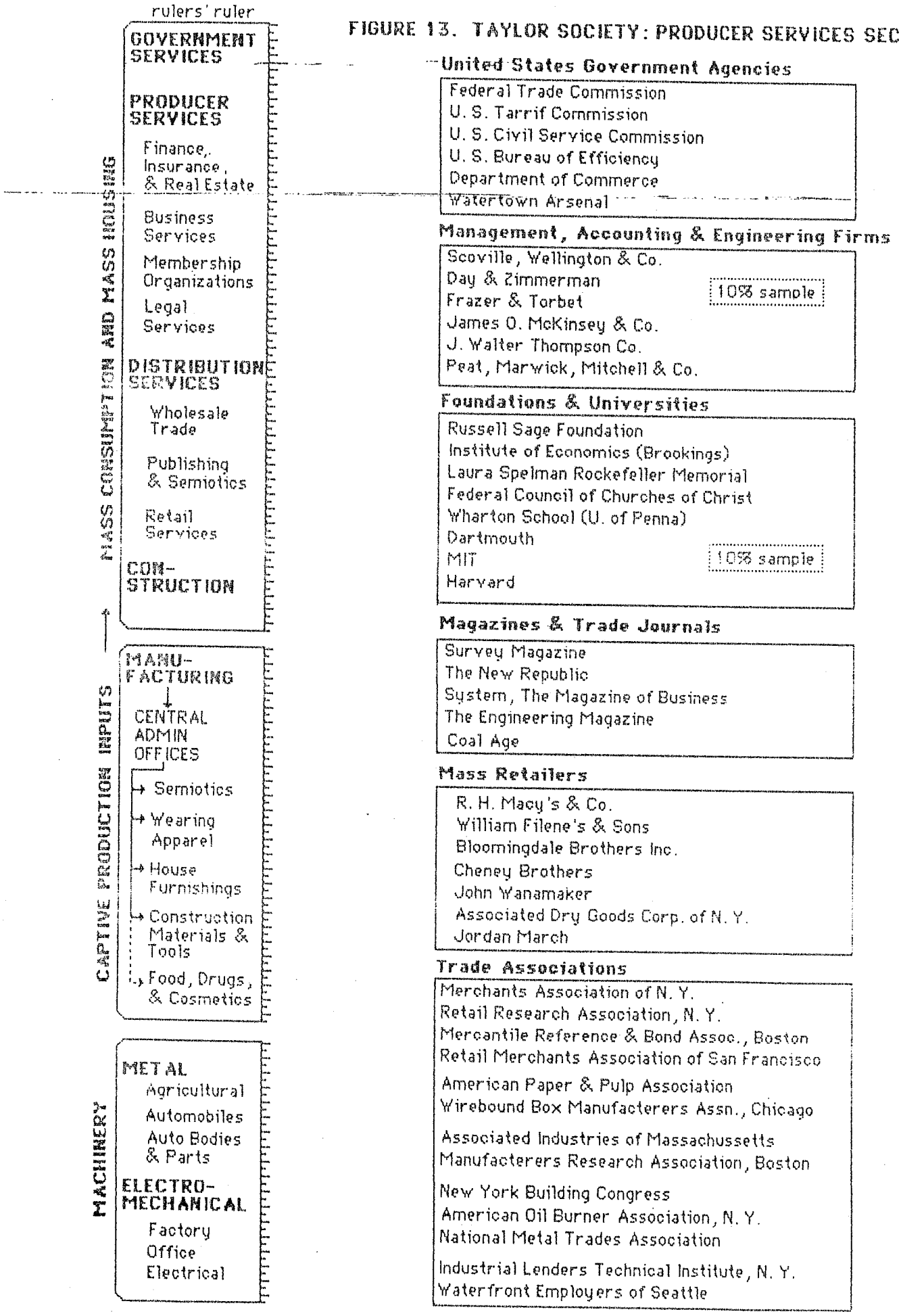


FIGURE 13. TAYLOR SOCIETY: PRODUCER SERVICES SECTOR

The Origins of the Welfare State I:
The Keynesian Elite and the Second New Deal, 1910-1936
(part two of three: notes)

by

Peter Friedlander

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[1]This Act included enabling legislation under which Roosevelt created the Works Progress Administration (WPA), the Resettlement Administration (RA), the Rural Electrification Administration (REA), and the National Resources Committee (NRC), and the National Youth Administration (NYA).

[2]Bernard F. Donahoe, *Private Plans & Public Dangers: The Story of FDR's Third Nomination* (Notre Dame: University of Notre Dame Press, 1965), p. 2-6.

[3]Ellis Hawley, "The New Deal and Business," in John Braeman, Robert H. Bremner, and David Brody, eds., *The New Deal: The National Level* (Columbus: Ohio State University Press, 1975), p. 62.

[4]Gabriel Kolko, *Main Currents in Modern American History* (New York: Harper & Row, 1976), p. 152.

[5]Frank Friedel, *FDR: Launching the New Deal* (Boston: Little Brown, 1973), pp. 408-421.

[6]See U. S. Congress, Senate, *A Bill to Establish a National Economic Council*, S. 6215, 72d Cong., 1st sess., 1931 (Washington: United States Government Printing Office, 1932), p. 482.

[7]Ellis Hawley, for example, sees the need for "studies that put the New Deal years in perspective and bring out the strands of continuity between New Deal action and the public policies that preceded and followed it." Elis Hawley, "The Discovery and Study of "Corporate Liberalism," *Business History Review*, Vol. LII, No. 3 (Autumn, 1978), p. 320.

[8]Ellis Hawley, "The Discovery and Study of 'Corporate Liberalism'," p. 318.

[9]Ronald S. Burt, *Corporate Profits and Cooptation: Networks of Market Constraints and Directorate Ties in the American Economy* (New York: Academic Press, 1983)

[10]Charles A. Bliss, *The Structure of Manufacturing Production: A Cross-Sectional View* (New York: National Bureau of Economic Research: 1939); Wassily Leontief, *The Structure of the American Economy* (Cambridge: Harvard University Press, 1941).

[11]Bliss, *Structure of Manufacturing Production*, p. 142.

[12]Thomas M. Stanback, Jr., and Thierry Noyelle, *The Economic Transformation of American Cities* (Totowa, N. J.: Rowman & Allanheld, 1983); Edgar S. Dunn, Jr., *The Development of the U.S. Urban System* (2 Vols.) (Baltimore: The Johns Hopkins University Press, 1980); Alan Pred, *City Systems in Advanced Economies: Past Growth, Present Processes and Future Development Options* (New York: John Wiley & Sons, 1977); Doreen Massey, *Spatial Divisions of Labour: Social Structures and the Geography of Production* (London: Macmillan, 1984).

[13]R. T. Averitt, *The Dual Economy* (New York: Norton, 1968)

[14]This figure, and its title, are adapted from Stanback, *Economic Transformation of American Cities*, p. 9.

[15]Emory R. Johnson, T. W. Van Metre, G. G. Huebner, and D. S. Hanchett, *History of Domestic and Foreign Commerce of the United States* (Wshington, D. C., 1915; rept. New York: Kraus Reprint Corporation, 1967), pp. 46-50, 67-68.

[16]Christopher Dell, *Lincoln and the War Democrats* (Rutherford, N.J.: Farleigh Dickinson University Press, 1975), pp. 39-40. Brock, *Conflict and Transformation: The United States, 1844-1877* (Baltimore: Penguin Books, 1973), pp. 59-60; Jordan A. Schwartz, *The Speculator: Bernard M. Baruch in Washington, 1917-1965*, (Chapel Hill: The University of North Carolina Press, 1981), pp. 35-36 Irving Katz, *August Belmont: A Political Biography* (New York: Columbia University Press, 1968).

[17]See Eliot Rosen, *Hoover, Roosevelt, and the Brains Trust: From Depression to New Deal* (New York: Columbia University Press, 1977), pp. 26-37; Richard Franklin Bensel, *Sectionalism and American Political Development, 1880-1980* (Madison: University of Wisconsin Press, 1984). On the link between New York and the (Southern) cotton trade--in the nineteenth century four out of every ten cents paid for cotton wound up in northern, largely New York, pockets--see "The Rise of New York Port," in Alfred D. Chandler, Jr. and Richard S. Tedlow, *The Coming of Managerial Capitalism: A Casebook on the History of American Economic Institutions* (Homewood, Illinois: Richard D. Irwin, Inc., 1985), p.93.

[18]J. P. Morgan's interests were concentrated in utilities and heavy manufacturing. His railroad interests were focused on New England and the trunk lines of New York and Pennsylvania. The southern and western railroads, on the other hand, were coming under the influence of the financial elite of Anglo-American commerce--Harriman and Lovett of the Union Pacific, and Lyman Delano (FDR's first cousin) of the Atlantic Coast Line and the Louisville and Nashville. Thus, some railroads were subordinate elements within the securities bloc, others within commodities in international trade. In this input-output approach, a railroad is never just a "railroad," but is an element in an input-output matrix determined by a strategy of accumulation. For a discussion of different investment strategies see Arthur M. Johnson and Barry E. Supple, *Boston Capitalists and Western Railroads: A Study in the Nineteenth Century Railroad Investment Process* (Cambridge: Harvard University Press, 1967).

[19]Simon Kuznets, *Capital in the American Economy, Its Formation and Financing* (Princeton University Press, 1961), Table 27, pp. 198-199.

[20]The delineation of this sector relied upon here is based on U. S. House of Representatives, *Report of Committee Appointed Pursuant to H. R.*

429 and 594 [the Pujo Investigations into Financial Concentration], 62nd Cong., 3d sess. (Washington, 1913), and National Resources Committee, *The Structure of the American Economy, Part I, Basic Characteristics* (Washington: United States Government Printing Office, 1939). See Harold U. Faulkner, *The Decline of Laissez Faire, 1897-1917* (New York, 1951, reprinted New York: Harper and Row, 1968).

[21]George Mowry, *The Era of Theodore Roosevelt and the Birth of Modern America, 1900-1912* (New York, 1958, reprinted New York: Harper and Row, 1962), pp. 68-71, 115-118; Robert D. Marcus, *Grand Old Party: Political Structure in the Gilded Age, 1880-1896* (New York: Oxford University Press, 1971); Philip H. Burch, Jr., *Elites in American History: The Civil War to the Newe Deal* (New York: Holmes & Meier, 1981); Richard L. McCormick, *From Realignment to Reform: Political Change in New York State, 1893-1910* (Ithaca: Cornell University Press, 1979), pp. 138-145.

[22]Mira Wilkins, *The Maturing of Multinational Enterprise: American Business Abroad from 1914 to 1970* (Cambridge: Harvard University Press, 1974), p. 55. In 1929 manufacturing firms with overseas production facilities--such American Radiator, Eastman Kodak, International Harvester, General Electric, Otis Elevator, and Western Electric--made up about 25% of U. S. direct foreign invetments.

[23]This statement is based in part on Collins, *Business Response to Keynes*, pp. 13, 63-73, 81-87; McQuaid, *Big Business and Presidential Power*, pp. 107-113; and Marion Clawson, *New Deal Planning: The National Resources Planning Board* (Baltimore: Johns Hopkins University Press, 1981), p. 251. The Taylor Society and its allies dominated the National Resources Planning Board, whose policies and personnel were continued in the Committee for Economic Development.

[24]Robert F. Himmelberg, *The Origins of the National Recovery Administration: Business, Government, and the Trade Association Issue, 1921-1933* (New York: Fordham University Press, 1976), p. 221.

[25]See correspondence and memoranda in U. S. Department of Agriculture, Record Group No. 16, "Business Conditions" folder, National Archives.

[26]Ibid. Adolph Berle, "Minutes of a conference between Mr. John L. Lewis, Mr. Thomas W. Lamont, Mr. Owen Young, Mr. Charles Taussig, Mr. Rexford G. Tugwell, Mr. Lee Pressman, Mr. Philip Murray [Vice-President of the Committee for Industrial Organization] and A. A. B., Jr." December 23, 1938, in *Navigating the Rapids, 1918-1971: From the Papers of Adolph A. Berle*, Beatrice Bishop Berle and Travis Beal Jacobs, eds. (New York: Harcourt Brace Jovanovich, 1973), pp. 154-157.

[27]This connection between what has been called "light industry" (an *a priori* analytical distinction unrelated to real economic activities) and the Second

New Deal has been made by Ferdinand Lundberg, *America's 60 Families* (New York: The Vanguard Press, 1937, p. 479; and G. William Domhoff, *Fat Cats and Democrats* (Englewood Cliffs: Prentic-Hall, 1972) pp. 36-38.

[28]Joan Hoff Wilson, *American Businss and Foreign Policy, 1920-1933* (Boston: Beacon Press, 1971).

[29]Understanding these sectoral patterns is a necessary though not sufficient condition for understanding the factionalism within the foreign policy-making apparatus of the 1940s, the emergence of the cold war, and the making of the national security state. The more detailed the study of the foreign policy of that period, the more clearly these patterns appear. Daniel Yergin, *Shattered Peace: The Origins of the Cold War and the National Security State* (Boston: Houghton Mifflin, 1978) is the most detailed general account. Martin Weil, *A Pretty Good Club: The Founding Fathers of the U. S. Foreign Service* (New York: W. W. Norton, 1978) is an extraordinary study that is encyclopedic in its detail. An equally valuable biography is Ronald W. Preussen, *John Foster Dulles: The Road to Power* (New York: The Free Press, 1982) Other studies, because they focus on the "big men," reveal only securities bloc and commodities in international trade personnel. Because Keynesians--such as Isadore Lubin and Benjamin Cohen--are characteristically not "big men," the Keynesian segment of the foreign policy apparatus under FDR and Truman tends toward invisibility.

[30]Thomas Ferguson, " From Normalcy to New Deal: industrial structure, party competition, and American public policy in the Great Depression," *International Organization* 38, 1 (Winter 1984); and Thomas Ferguson and Joel Rogers, *Right Turn: The Decline of the Democrats and the Future of American Politics* (New York: Hill and Wang, 1986), pp. 46-49.

[31]This table was constructed out of the *U. S. Government Manual* for 1936 and *Who's Who* for various years of the 1930s.

[32]Bruce Allen Murphy, *The Brandeis/Frankfurter Connection: The Secret Political Activities of Two Supreme Court Justices* (New York: Oxford University Press, 1982), p. 117.

[33]This essay is concerned with the FF-TS matrix--the secondary leadership--of the Keynesian Elite. Of the primary leadership listed in Figures 7 and 8, Harold Ickes, Bull-Moose Progressive, was closely involved with Julius Rosenwald of Sears, Roebuck and Company and Charles Crane of Crane Company (and with Charles Merriam); Harry Hopkins was closely linked to Nathan Straus and Beardsley Ruml, both of Macy's; Frances Perkins, likewise, was embedded in New York's mass distribution Progressivism; Henry Wallace's political economic development, was also linked to Beardley Ruml; Marriner Eccles was the kingpin of the inter-Mountain mass consumption

sector and its leading banker; and, finally, John Fahey was one of LDB's close associates in New England Progressivism.

[34]Two encyclopedias of the New Deal provide detailed sketches of many of these Second New Dealers. James S. Olson, *Historical Dictionary of the New Deal. From Inauguration to Preparation for War* (Westport: Greenwood Press, 1985); and Otil L. Graham, Jr. and Meghan Robinson Wander, *Franklin D. Roosevelt: His Life and Times, An Encyclopedic View* (Boston: G. K. Hall, 1985). Olson, the most complete, omits 17 of the names that I have compiled for this study; Wander and Graham 27. Wander and Graham generally give biographies of prominent New Dealers on the primary leadership level; Olson includes the more well-known of the secondary leaders. In both cases what tends to get disproportionately left out are the business and technocratic personnel linked to the Taylor Society, thus skewing the sociographic portrait of the remainder.

[35]Murphy, *The Brandeis/Frankfurter Connection;* Melvin I. Urofsky, *Louis D. Brandeis and the Progressive Tradition* (Boston: Little, Brown, 1981); Allon Gal, *Brandeis of Boston* (Cambridge: Harvard University Press, 1980); Philippa Strum, *Louis D. Brandeis: Justice for the People* (Cambridge: Harvard University Press, 1984).

[36]Murphy, *Brandeis/Frankfurter Connection*, pp. 73-97.

[37]Felix Frankfurter to George Roberts, 3 October 1924, Felix Frankfurter Papers, Box 163, Library of Congress, Washington, D. C.

[38]Michael E. Parrish, *Felix Frankfurter and His Times: The Reform Years* (New York: The Free Press, 1982), pp. 197-204.

[39]Parrish, *Felix Frankfurter and His Times, pp 220-221;* Arthur M. Schlesinger, Jr., *The Politics of Upheaval* (Boston: Houghton Mifflin, 1960), p. 390 (Emphasis in original). William E. Leuchtenburg, *Franklin D. Roosevelt and the New Deal, 1932-1940* (New York: Harper & Row, 1963), p. 64.

[40]John Kennedy Ohl, *Hugh S. Johnson and the New Deal* (DeKalb, Ill.: Northern Illinois University Press, 1985), pp. 266-67, 280-81.

[41]Schlesinger, *The Politics of Upheaval*, p. 227. "Working together over a period of twenty-five years," Bruce Allen Murphy writes, LDB and FF "placed a network of disciples in positions of influence, and labored diligently for the enactment of their desired programs. This adroit use of the politically skillful Frankfurter as an intermediary enabled Brandeis to keep his considerable political endeavors hidden from the public." Murphy, *The Brandeis/Frankfurter Connection*, p. 10.

[42]K. Austin Kerr, *American Railroad Politics, 1914-1920: Rates, Wages, and Efficiency* (University of Pittsburgh Press, 1968), p. 16.

[43]Robert H. Wiebe, *Businessmen and Reform: a Study of the Progressive Movement* (Chicago: Quadrangle Books, 1962), pp. 85-88.

[44] *Evidence Taken by the Interstate Commerce Commission in the Matter of Proposed Advances In Freight Rates by Carriers*, August to December, 1910, Senate Doc. 725, 61 Cong., 3 Sess. (hereafter cited as *Rate Case*, Washington, D.C. 1911),Vol. 1, pp. 6-15.

[45] The reader might also ask, if Brandeis was anchored in New England the the Middle Atlantic states, why use a Chicago group of firms to illustrate capital configurations among Progressive litigants? On the one hand, the Taylor Society was concentrated in New England and the Middle Atlantic states, and exhibits the eastern capital configuation associated with Progressivism. On the other hand, although the Boston to Baltimore corridor was the largest mass market in the United States, the trading area around Chicago was the second largest. It was also the center of an important midwestern bloc of Progressives that emrged out of the Republican Party--Ickes, Wallace, Merriam, Rosewald, Crane. That is: proto-Keynesianism could emerge wherever market structures were complex enough to generate the congitive orientation of mass consumption--in Chicago (Rosenwald-Crane: Ickes-Merriam/Wallace); in the inter-mountain area, the network of mass-oriented activities centered on Marriner Eccles (chairman of the Federal Reserve Board from 1934 to 1948); in California(the Bank of America), and so on.

[46] On LDB's association with Boston's mercantile circles, see Gal, *Brandeis of Boston*, pp. 16-22, and Strum, *Brandeis*, pp. 33-34, 55-59.

[47] Robert H. Wiebe, *Businessmen and Reform: A Study of the Progressive Movement* (Chicago: Quadarangle Books, 1962/1968), pp. 10-15, 66, 74-5, 210, 217; Mowry, *The Era of Theodore Roosevelt*, pp. 85-89; David P. Thelen, *The New Citizenship: Origins of Progressivism in Wisconsin, 1885-1900* (Columbia, Missouri: University of Missouri Press, 1972), pp. 37, 146-149; Hoyt Landon Warner, *Progressivism in Ohio, 1897-1917* (Columbus: Ohio State Univesity Press, 1964), pp. 22-25; Leland L. Sage, *A History of Iowa* (Ames: The Iowa State university Press, 1974), pp. 225-228.

[48] Kerr is one of the few authors who sees sectoral conflict as the central reality of the Eastern Rate Case, but he does not deal with the Taylorites. Kerr, *Railroad Politics*.

[49] *Rate Case*, Vol. 4: 2617-2624; Paul Kellogg, *Survey Graphic*, Dec 3, 1910, pp. 409-12.

[50] *Rate Case*, Vol. 8, pp. 4814-4822.

[51] *Rate Case*, Vol. 5, pp. 2333-37.

[52] *Rate Case*, Vol. 6, pp. 4340-41; Ives testimony, V, 3143-44.

[53] *Rate Case*, Vol. 5, p. 3144.

[54] *Rate Case*, Vol. 5. p. 3237.

[55] *Rate Case*, Vol. 5, pp. 3239-40.

[56]*Rate Case*, Vol. 8, pp. 4818-4820. This is the celebrated "multiplier effect" of Keynesianism. By the time this concept was used in the 1910 Hearings it was old hat. In 1872 Charles Francis Adams, a Massachusetts Railroad Commissioner, had already articulated the notion. Massachusetts *Third Annual Report of the Board of Railroad Commissioners* (1872), pp. ccxxi-ccxxii, quoted in Thomas K. McGraw, *Prophets of Regulation: Charles Francis Adams, Louis D. Brandeis, James M. Landis, Alfred E. Kahn* (Cambridge: Harvard University Press, 1984), 85-86.

[57]For example, Gabriel Kolko, *Main Currents in Modern American History* (New York: Harper & Row, 1976), pp. 152-153; Ellis Hawley, *The New Deal and the Problem of Monopoly*, p. 286-289; and McGraw, *Prophets of Regulation* pp. 80-142. McGraw writes that Brandeis' "typical clients were not *center* firms, but *peripherals*, small and medium-sized manufacturers of boots, shoes, and paper, along with prominent Jewish wholesalers and retailers such as the Hechts and the Filenes." (pp. 86-7: emphasis added) As this essay argues, it was not the size nor even the structure of a firm (taken in isolation), but rather the position of a firm in the input-output matrix of the realization process, that is critical.

[58]Layton, *Revolt of the Engineers*, pp. 163-167.

[59]Ibid., 154-5.

[60]Ibid., 156-7.

[61]Ibid., 165.

[62]Layton, *Revolt of the Engineers*, p. 154.

[63]H. S. Person, Scientific Management: An Analysis With Particular Emphasis on Its Attitude Toward Human Relations in Industry," *Bulletin of the Taylor Society*, Vol. 13, No. 5 (October 1928).

[64]Ibid., pp. 163-4.

[65]Morris L Cooke in "Notes of Discussion at Conference Dinner of the Directors of the Taylor Society and Guests at the Fraternity Club, New York, April 28, 1927, Cooke Papers, Box 61 folder 8, FDR Library, Hyde Park, New York.

[66]"During the War a group of those associated with the Taylor Society helped to draft a somewhat comparable code which was issued as General Order #13 by the Ordnance Department and under another designation by the Quartermaster Department." Cooke to Kendall 19 December 1927, Box 11, folder 11, Cooke Papers. General Order #13, dated November 15, 1917, "was probably mainly Cooke's handiwork, for he was in charge of labor relations. . . . The length of the workday recommended was eight hours--'certainly not . . . longer than 10 hours'--but the former was preferable. Restrictions on the physical work required of women, and on night work for them, in addition to 'equal pay for equal work,' also was recommended. Child labor (under fourteen) was not permitted. Finally, the order recognized 'the need of

preserving and creating methods of joint negotiations between employers and groups of employees.'

"It was also in the Ordnance Depatment, at Rock Island Arsenal, that important steps were taken to improve relations between the workers and officers. The empolyees there were granted the right to choose their own foremen and to approve all piece rates, in return for which they promised not to restrict output. By the end of the war, the idea had spread to other arsenals." Milton J. Nardworny, *Scientific Management and the Unions, 1900-1932: a Historical Analysis* (Cambridge: Harvard University Press, 1955), pp. 105-106.

[67]Ibid., p. 154.

[68]Layton, *Revolt of the Engineers*, p. 180.

[69] See Layton, *Revolt of the Engineers*, pp. 194-195.

[70]Layton, *Revolt of the Engineers*, p. 187.

[71]See the correspondence of A. J. Muste, Brookwood's "radical" leader, with Morris L. Cooke (Cooke Papers, Box 25 folder 3) covering the period 1920 to 1929. Cooke to Muste, April 24, 1920, is especially interesting. It elaborates Cooke's Keynesian perspective, establishing what would become the ideology of the labor-liberal coalition. This letter (which begins: "Once upon a time I attended a baseball game . . .") was also sent to Sidney Hillman (Cooke to Hillman, April 15, 1920, Cooke papers, box 9 folder 4) and, most likely, to other labor leaders of similar stature. See also Clinton S. Golden (a Brookwood leader in the 1920s and a top advisor to Philip Murray of the Steel Workers Organizing Committee in the late 1930s) to Morris L. Cooke, Februry 9, 1929, Cooke papers, box 102. Golden requests Cooke's help in finding employment for an acquaintance. On Brookwood as a training ground for CIO leadership see Thomas R. Brooks, *Clint: A Biography of a Labor Intellectual* (New York: Atheneum, 1978), p. 84.

[72]Morris L. Cooke, "Some Observations on Workers' Organizations," *Bulletin of the Taylor Society*, 14:2-10 (February 1929).

[73]Barbara Warne Newell, *Chicago and the Labor Movement: Metropolitan Unionism in the 1930's* (Urbana: University of Illinois Press, 12961), pp. 209-225.

[74]*Procedings*, 1935 Convention, A. F. of L., pp. 574-575 and list of "Delegates to the Fifty-fifth Annual Convention."

[75]Steve Fraser, "Dress Rehearsal for the New Deal: Shop-Floor Insurgents, Political Elites, and Industrial Democracy in the Amalgamated Clothing Workers," in Michael H. Frisch and Daniel J. Walkowitz, eds., *Working Class America: Essays on Labor, Community, and American Society* (Urbana: University of Illinois Press, 1983), pp. 218-219.

[76]See U. S., Coal Commission, *Report of the United States Coal Commission*, 5 parts (Washington, D .C., 1925), p. 154, for the list of those

involved in producing the Commission's "Report of the United States Coal Commission on Labor Relations in Bituminous Coal Mining." The Taylorites predominated. The membership of the commission itself--seven men and women chosen for their distinguished public service record--tells us less about its work than the subpanels that actual did its research and write its reports (although the secretary of the Commission, E. E. Hunt, was a member of the Taylor Society in 1927, and closely associated with the Taylorites in the Waste in Industry and 12-hour day Investigations).

[77]Melvyn Dubofsky and Warren Van Tine, "John L. Lewis and the Triumph of Mass-Production Unionism," in Dubofsky and Van Tine, eds., *Labor Leaders in America* (Urbana: University of Illinois Press, 1987), pp.189-90.

[78](Pittsburgh, 1938). See Francis Goodell to Morris L. Cooke, February 14, 1938. "Mr. Lever [assistant to Clinton Golden] went right along with the idea of a pamphlet." Goodell to Cooke, February 24, March 8, March 17, April 17, and September 9, 1938; Cooke to Clinton Golden, March 18, 1938; Golden to Cooke, May 10, 1938, all in Cooke papers box 142; Golden to Cooke, September 30,1938, Cooke papers, box 148; and E. J. Lever to Morris L. Cooke, May 16, 1938, Cooke papers, box 144.

[79]Ronald Schatz, "Philip Murray," in Dubofsky and van Tine, *Labor Leaders*, p. 256.

[80]On the Pollak Foundation see Pollak Foundation for Economic Research, *the Pollak Foundation, Pamphlet No. 34* (Newton, Massachusetts, September 1939). "The publications [of the Foundation were] concerned largely with various aspects of the problem of sustaining the purchasing power of consumers as a whole . . ." The list of books and pamphlets provided (pp. 13-14) includes *Money(1923), Business Without a Buyer (1927) The Road to Plenty(1928),* and *Progress and Plenty(1928),* all by William T. Foster and Wadill Catchings.

[81]*Bulletin of the Taylor Society*, Vol. XIII, No. 1 (February 1928).

[82]The expansion of the Bureau of Labor Statistics, the creation of a system of public employment agencies, and the use of public works expenditures as an instrument of counter-cyclical planning. J. Joseph Huthmacher, *Senator Robert F. Wagner and the Rise of Urban Liberalism* (New York: Atheneum, 1971), pp. 61-63, 67-69, 71-73.

[83]Henry Bruere to Morris L. Cooke, May 9, 1930, and "List of persons invited to dinner May 22nd, 1930 by New York State Committee on Stabilization of Employment," Cooke papers, Box 97. George Martin, *Madam Secretary: Frances Perkins* (Boston: Houghton Mifflin, 1976), pp. 215-216.

[84]Morris L. Cooke to Walter H Pollak, December 21, 1931. Cooke papers, box 122 folder 6.

[85]George Soule, *Sidney Hillman, Labor Statesman* (New York: Macmillan, 1939), pp. 157-164; Mathew Josephson, *Sidney Hillman: Statesman of*

Labor (New York: Doubleday, 1952), pp. 350-354. Both of these authors give a skewed subset of the set of all witnesses at the Hearings, entirely omitting a large number of Keynesian businessmen. See U. S. Congress, Senate, *A Bill to Establish a National Economic Council*, S. 6215, 72d Cong., 1st sess., 1931 (Washington: United States Government Printing Office, 1932), p. iii. See Harlow Person, "The Approach of Scientific Management to the Problem of National Planning," *The Annals of the American Academy of Political and Social Science*, July 1932; and George Soule, *A Planned Society* (New York: Macmillan, 1932. This book, by a member of the Taylor Society and editor of the New Republic at the time, gives a popular account of the ideas of the Keynesians as presented at the hearings.

[86]*A Bill to Establish a National Economic Council*, pp. 233-234, 405-406, 693.

[87]Hawley, *The New Deal and the Problem of Monopoly*, pp. 72-90. Charles E. Wyzanski, Jr., to Felix Frankfurter, September 13, 1933, in Frankfurter papers, box 150, Library of Congress.

[88]See Nobuo Nodo, *How Japan Learned American Mangement Techniques* (Tokyo: Asia Productivity Institute, 1969).

[89]Harlow S. Person to Morris L. Cooke, November 20, 1937, box 146, Cooke papers.

[90]One also does not see: steel, chemicals, oil, mining, lumber, furniture, automobiles.

[91]See "Notes of Discussion at Conference Dinner of the Directors of theTaylor Society and Guests at the Fraternity Club, New York, April 28, 1927," Cooke Papers, Box 61 folder 8, FDR Library, Hyde Park, New York, for a sense of Bruere's position within the Society.

[92]See Alfred Chandler, Jr., *The Visible Hand: the Managerial Revolution in American Business* (Cambridge: Harvard University Press, 1977) pp. 287-314 on the integration of marketing with manufacturing functions in these kind of diversified, high-tech mass-market oriented firms.

[93]See Samuel Haber, *Efficiency and Uplift* (Chicago: University of Chicago Press, 1964), p. 163; David F. Noble, *America By Design*, pp. 276-78.

[94]See Morris L. Cooke to Robert B. Wolf, March 25, 1925 Box 19; Harlow A. Person to Morris L:. Cooke, June 17, 1926, Box 61; Morris L. Cooke to Harlow S. Person, June 18, 1926, Box 61; Harlow S. Person to Mrs. Frederick W. Taylor, March 4, 1927, Box 61; Percy Brown to Richard Feiss, April 25, 1928, Box 48; Harlow s. Person to Morris L. Cooke, June 6, 1928, Box 62; Harlow S. Person to Morris L. Cooke, April 25, 1929, Box 63, all in the Morris L. Cooke Papers, FDR Library, Hyde Park, New York.

[95]See Paul Terry Cherrington, *The Wool Industry: Commercial Problems of the American Woolen and Worsted Manufacture* (Chicago: A. W. Shaw Company, 1916) for an analysis of the specific set of

input-output relations and functional herarchies related to woolens and worsteds.

[96]See the analysis of the Kendall Co. in *A Bill to Establish a National Economic Council*, pp. 400-404.

[97]On Dennison and Filene see Kim McQuaid, "Henry S. Dennison and the 'Science' of Industrial Reform, 1900-1950," *American Journal of Economics and Sociology*, Vol 36 #1 (January 1977); and Kim Mc Quaid, "A Response to Industrialism: Liberal Businessmen and the Evolving Spectrum of Capitalist Reform, 1886-1960," Diss., Northwestern University, 1975, passim.

[98]Daviod A. Hounshell, *From the American System to Mass Production, 1800-1932* (Baltimore: The Johns Hopkins University Press, 1984), pp. 51-54.

[99]Steven Fraser, "Dress Rehearsal for the New Deal: Shop-Floor Insurgents, Political Elites, and Industrial Democracy in the Amalgamated Clothing Workers," in Frisch and Walkowitz, *Working Class America;* and "Sidney Hillman: Labor's Machiavelli," in Melvyn Dubofsky and Warren Van Tine, *Labor Leaders in America* (Urbana: University of Illinois Press, 1987.

[100]" . . . the discourse on the service economy has, so far, largely been obscured by concepts, models, and categories that were tailored to explain the behavior of an economy dominated by the factory." Thomas M. Stanback, Jr., Peter J. Bearse, Thierry J. Noyelle, and Robert A. Karasek, *Services: the New Economy* (Totowa, New Jersey: Allanheld, Osmun, 1981), p. 111.

[101]It is in this context that one must critically consider prevailing notions of the weakness of support for the New Deal among businesses. Except for a few clothing firms, the conventional wisdom goes, FDR received little business support in 1936. As we are demonstrating, however, it is not among the rank and file manufacturing organizations that one finds capitalist activity at the level of the state. On the contrary, one does not expect many manfacturing firms to play leading roles in national politics. Thus, the fact that large numbers of clothing manufacturers publicly supported FDR in 1936 is indicative of the overwhelming power of the organizational synthesis of the mass distribution sector, and suggests that FDR had the effective support of the largest bloc of capitals in the United States, from its hegemonic financial and distributive organizations down to its manufacturing hinterland. See McQuaid, "A Response to Industrialism," pp. 206-208.

[102]For more on the input-output structure of manufacturing, see Appendix 3.

[103]Stanback, *The Economic Transformation of American Cities*, pp. 10, 44-45.

[104]See "Conference Dinner, Directors of The Taylor Society and Guests, April 28, 1927," in Morris L. Cooke Papers, Box 61 folder 8; and "Notes of Discussion at Conference Dinner of the Directors of the Taylor Society and Guests, April 28, 1927," Cooke Papers, Box 61 folder 8; and "Taylor Society Members Who Attended Annual Meeting, December 7-10, 1927," Cooke Papers, Box 66 folder 8; "1931 Spring Meeting of the Taylor Society: April 30 - May 1, Philadelphia," Cooke Papers, Box 64 folder 10; "List of Persons Invited to Dinner by New York State Committee on Stabilization of Employment, May 22, 1930," in Cooke Papers, Box 97. This material has been omitted from this essay.

[105]Harlow Person to Morris L. Cooke, 31 December 1926, Box 68 folder 1; Harlow Person to Henry P. Kendall, 5 January 1929, Box 63, folder 9; Bryant Glenny to Morris L. Cooke, 18 February 1931, Box 69 folder 7; Morris L. Cooke to Henry P. Kendall, 2 January 1929, Box 11, folder 11; Morris L. Cooke to Henry P. Kendall, 4 January 1929, Box 11, folder 11; Morris L. Cooke to Henry P. Kendall 13 December 1929, Box 11, folder 11. All in Cooke Papers.

[106]Steven Fraser, "Dress Rehearsal for the New Deal," and "Sidney Hillman: Labor's Machiavelli," in Dubofsky and Van Tine, *Labor Leaders in America*.

[107]LDB to Robert M. LaFollette, 29 July 1911, in *Letters of Louis D. Brandeis, Vol. 2*, Melvyn I. Urofsky and David W. Levy, eds., (Albany: State University of New York Press, 1972), pp. 467-472.

[108]Hawley, *New Deal and Problem of Monopoly*, p. 406-410.

[109]" . . . you cannot defend against the code with political economy or 'revolution.' All these old weapons (including those of the first order, the ethics and metaphysics of man and nature, use value, and other liberatory referentials) have been progressively neutralized by the general system, which is of a higher order. Everything that gets inserted into the definalized space-time of the code, or tries to interfere with it, is disconnected from its own finalities, disintegrated and absorbed . . ." Jean Baudrillard, "The Structural Law of Value," in John Fekete, ed., *The Structural Allegory: Reconstructive Encounters with the New French Thought* (Minneapolis: University of Minnesota Press, 1984), p. 57. See also Arthur L. Stinchcombe, "Milieu and Structure Updated," *Theory and Society*, Vol. 15, #6 (1986), pp. 908-12.

[110]Lee Benson, *Merchants, Farmers, & Railroads: Railroad Regulation and New York Politics, 1850-1887* (Cambridge: Harvard University Press, 1955). "Farmers, particularly *dirt farmers*, were only one of several groups engaged in diverse movements to secure regulation in the Old Northwest, and the Grange itself played only a supporting role in securing the misnamed 'Granger Legislation.' Dirt farmers, Grangers proper, and members of agricultural clubs undoubtedly came to join in the procession

and supply the mass agitation and political potential necessary to enact regulatory statutes. But midwestern mercantile groups appear to have set the movements rolling and generally directed their course." pp. 24-25.

[111]Government reorganization; the attempted packing the Supreme Court; and the attempted purge of the Democratic reactionaries, in which FDR suffered major reversals. See Leuchtenberg, *Franklin D. Roossevelt and the New Deal*, pp. 231-239, 266-269, 277-280. On Government Reorganization see Peri E. Arnold, *Making the Managerial Presidency: Comprehesive Reorganization Planning, 1905-1980* (Princeton: Princeton University Press, 1986); Richard Polenberg, *Reorganizing Roosevelt's Government: the Controversy Over Executive Reorganization, 1936-1939* (Cambridge: Harvard University Press, 1966); A. J. Wann, *The President As Chief Administrator, a Study of Franlkin D. Roosevelt* (Washington: Public Affairs Press, 1968); Barry Dean Karl, *Executive Reorganization and Reform in the New Deal: The Genesis of Administrative Management, 1900-1939* (Cambridge: Harvard University Press, 1963); Barry Dean Karl, *Charles E. Merriam and the Study of Politics* (Chicago: The University of Chicago Press, 1974).

[112]Peter Friedlander, *The Emergence of a UAW Local: A Study in Class and Culture* (Pittsburgh: University of Pittsbugh Press, 1975); Peter Friedlander, "The Social Basis of Politics in a UAW Local: Midland Steel, 1933-1941." Paper presented at the Annual Meeting of the Organization of American Historians, April 6-9, 1977.

[113]Ira Katznelson, "Accounts of the Welfare State and the New Mood," *American Economic Association* (Vol. 70 # 2) May 1980, p.118.

[114]Here I follow the distinction made by Marshall Sahlins between the closed code based on kinship and the open code based on possessive individualism, commodity fetishism, and an acclerating differentiation of the socius. Marshall Sahlins, *Culture and Practical Reason* (Chicago: The University of Chicago Press, 1976), pp. 205-221. Richard Wightman Fox and T. J. Jackson Lears, *The Culture of Consumption: Critical Essays in American History, 1880-1980* (New York: Pantheon, 1983), p. xii.

The Origins of the Welfare State I:
The Keynesian Elite and the Second New Deal, 1910-1936
(part three of three: appendices & figures)

by

Peter Friedlander

Appendix 1: The Second New Deal Career Matrix
Appendix 2: Shippers' Association 1910: Chicago Subset
Appendix 3: Realization Structure of Manufacturing

Figure 2: Business Advisory Council, 1933
Figure 3: "Business Advisors Uphold President," May 3, 1935
Figure 4: Corporatists, 1939: Ezekiel List
Figure 5: The Keynesian Elite in the Second New Deal, 1936-1938
Figure 6: GOP Corporate Support: Campaign Contributions, 1936
Figure 13: Taylor Society: Producer Services Sector

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Appendix 1: the Second New Deal Career Matrix

INFRASTRUCTURE

ITE NNNECTIONS	NAME	CAREER VECTOR
	DEPARTMENT OF THE INTERIOR	
MR	HAROLD L. ICKES	Chicago Progressivism: Rosenwald-Crane-Merriam/People's Progressive League 1922/People's Traction League 1929-30/PWA 1933-39/NRC 1934-39
TS	HARRY SLATTERY	Pinchot Sec'y/N. Y. State Power Authority 1931(TS)/Fed. Emergency Admin. of Public Works 1933-38/REA-Nat. Power Policy Comm-NRPB
	OSCAR L. CHAPMAN	Chairman Colorado Prgressive League/Costigan Partner 1929-33
FF	NATHAN MARGOLD	Harvard Law School/NAACP
	PUBLIC WORKS ADMINISTRATION	
IR	HAROLD L. ICKES	Chicago Progressivism: Rosenwald-Crane-Merriam/People's Progressive League 1922/People's Traction League 1929-30/PWA 1933-39/NRC 1934-39
TS	HARRY SLATTERY	Pinchot Sec'y/N. Y. State Power Authority 1931(TS)/Fed. Emergency Admin. of Public Works 1933-38/REA-Nat. Power Policy Comm-NRPB
OUSING	HORATIO B. HACKETT	Architect John Burnham & Co./Holabird & Root Architects/Chicago Venetian Blind Co. Coat & Gross Inc. Contractors(all preceeding Chicago)/Thompson-Starrett Co N. Y. Gen'l Contractors
	NATIONAL POWER POLICY COMMITTEE (NPPC)	
R	HAROLD L. ICKES	Chicago Progressivism: Rosenwald-Crane-Merriam/People's Progressive League 1922/People's Traction League 1929-30/PWA 1933-39/NRC 1934-39
S-FF	MORRIS L. COOKE	Pinchot: Phila Public Works 1911-14/WIB Depot Bd. 1917/U. S. Shipping Bd. 1918/N. Y. State Power Authority 1931/REA-TVA-NRC/Brazil/Mexico
F-TS	BENJAMIN V. COHEN	Harvard Law 1916/U. S. Shipping Bd. 1917-19/PWA-NPPC/Leading Legislative Draftsman New Deal
	RURAL ELECTRIFICATION ADMINISTRATION (REA)	
S-FF	MORRIS L. COOKE	Pinchot: Phila Public Works 1911-14/WIB Depot Bd. 1917/U. S. Shipping Bd. 1918/N. Y. State Power Authority 1931/REA-TVA-NRC/Brazil/Mexico
S	JOHN CARMODY	Clothing Ind Cleveland 1914-23/U. S. Coal Comm 1922/ed. Factory & Ind Mgmnt 1927-33/ Chief Engr CWA-FERA 1933-35/Nat Med Bd 1933-35/NLRB 1936-39/REA 1936-39/Fed Works Ag 1936-41
	TENNESSEE VALLEY AUTHORITY (TVA)	
F-TS	DAVID E. LILIENTHAL	Harvard Law 1923/Richberg (law practice): Chicago Progressivisa 1923-26/ Chicago Law Practice 1926-31/ed. Public Utilities anbd Carrier Service 1926-31/LaFollette
	FEDERAL POWER COMMISSION (FPC)	
	FRANK R. MCNINCH	Charlotte N. C. Mayor 1917-21/FCC 1937-39/World Power Conference 1935/ Special Asst. Attny Gen'l 1939-46
S-FF	BASIL MANLY	U. of Chicago Pol. Sci 1909-1910/U. S. Comm. on Ind. Rel. 1913-15/FTC 1918/Nat. War Lab. Bd. 1918-19/People's Legislative Service 1921-27/N. Y. State Power Authority 1932-33

ITE NNNECTIONS	NAME	CAREER VECTOR
		WORKS PROGRESS ADMINISTRATION (WPA)
MR/RUML	HARRY HOPKINS	Grinnell/Social Work/N. Y. State TERA 1931/Perkins
MR	AUBREY WILLIAMS	Mass Retailing/Social Work/FERA-CWA-WPA-NYA
MR/FILENE	LEON HENDERSON	Wharton School/Russell Sage Consumer Credit 1925-34/NRA 1934-35/LaFollette Comm on Mfg 1935/ Economist WPA/Teaporary National Economic Committee/TS-Carmody
	CORRINGTON GILL	Technocrat(Economist & Business Consultant)/Fed Empl Stabilization Bd 1931-32/FERA-CWA-WPA
		FEDERAL EMERGENCY RELIEF ADMINISTRATION (FERA)
MR/RUML	HARRY HOPKINS	Grinnell/Social Work/N. Y. State TERA 1931/Perkins
MR	AUBREY WILLIAMS	Mass Retailing/Social Work/FERA-CWA-WPA-NYA
	CORRINGTON GILL	Technocrat(Economist & Business Consultant)/Fed Empl Stabilization Bd 1931-32/FERA-CWA-WPA
TS	JOHN CARMODY	Clothing Ind Cleveland 1914-23/U. S. Coal Comm 1922/ed. Factory & Ind Mgmt 1927-33/ Chief Engr CWA-FERA 1933-35/Nat Med Bd 1933-35/NLRB 1936-39/REA 1936-39/Fed Works Ag 1936-41
		CIVILIAN CONSERVATION CORPS (CCC)
TS	ROBERT FECHNER	Exec Officer International Alliance of Machinists 1919-1933
		NATIONAL YOUTH ADMINISTRATION (NYA)
	CHARLES TAUSSIG	Molasses Companies/FDR Brains Trust/Involved in Caribbean Affairs
TS	JOSEPHINE ROCHE	Rocky Mt Fuel Co/Colorado Progressivism/Soc Security Act/Nat Consumers League/Social Work/ Treasury Dept/E P Costigan
FF	LEE PRESSMAN	Harvard Law/AAA-WPA-NYA/CIO Genl Counsel
		RESETTLEMENT ADMINISTRATION (RA)
TS	REXFORD G. TUGWELL	Wharton School 1922/Columbia U. 1920-37/New Republic
FF	LEE PRESSMAN	Harvard Law/AAA-WPA-NYA/CIO Genl Counsel
		DEPARTMENT OF LABOR
TS	FRANCES PERKINS	Consumers' League 1910-12/N. Y. State Ind. Commission 1919-21/Industrial Commissioner N. Y. State 1929-33(TS)/Social Security
TS	ISADOR LUBIN	Brookings Grad. School 1926/WIB 1918-19/Brookings 1922-26/LaFollette Committee on Mfg 1931 Economic Planning Hearings(TS)/Sen. Wagner U. S. Senate 1928-29/RR-Soc Sec-NRC-TNEC-OPM
		NATIONAL LABOR RELATIONS BOARD (NLRB)
MR/FILENE	EDWIN S. SMITH	With Dennison(TS) 1919-1920/Russell Sage 1920-23/Filene 1923-31/ Mass. Commissioner of Labor & Industry 1931-34/NLRB 1934-41/CIO 1941
	JOSEPH W. MADDEN	Univesity of Chicgo Law 1914/Professor of Law various Universities
TS	JOHN CARMODY	Clothing Ind Cleveland 1914-23/U. S. Coal Comm 1922/ed. Factory & Ind Mgmt 1927-33/ Chief Engr CWA-FERA 1933-35/Nat Med Bd 1933-35/NLRB 1936-39/REA 1936-39/Fed Works Ag 1936-41
		NATIONAL MEDIATION BOARD (NMB)
TS	WILLIAM LEISERSON	N.Y. & Wisc. Labor Economist/U. S. Commission on Ind. Rel. 1914-15/Dept. of Labor 1918-19/ Rochester Clothing Ind. 1919-1921(TS)/other clothing: N. Y. Chicago Baltimore1921-26/NLRB 1939
TS	JOHN CARMODY	Clothing Ind Cleveland 1914-23/U. S. Coal Comm 1922/ed. Factory & Ind Mgmt 1927-33/ Chief Engr CWA-FERA 1933-35/Nat Med Bd 1933-35/NLRB 1936-39/REA 1936-39/Fed Works Ag 1936-41

STRATEGIC PLANNING

TE NNECTIONS	NAME	CAREER VECTOR
	NATIONAL RESOURCES PLANNING BOARD (NRPB)	
R	CHARLES E. MERRIAM	Chicago Progressivism-Rosenwald-Crane-Ickes/U. of Chicago Pol Science/Social Science Research Council(pres. 1924-27)/
R-TS	BEARDSLEY RUML	Sec'y Scott Co. Phila 1919-21/Dir. Laura Spelman Rockefeller Memorial 1922-29/Dean Soc Sci Div. U. of Chicago 1931-33/Treas. R. H. Macy & Co. 1934- /Chmn Fed. Reserve Bank N. Y.
R-TS	HENRY DENNISON	Dennison Mfg. Co./Boston Fed. Reserve/Wilson's Ind. Conf. 1919/Unempl. Conf. 1921/BAC 1933/ NLB 1934/Chmn Ind. Advisory Bd. under NRA 1934/President of Taylor Society
S	RALPH FLANDERS	Jones & Lamson Machine Co.-Nat. Life Ins. Co. of Vermont-Lovejoy Tool Co.-Nat. Shawmut Bank-Fed. Res. Bank of Boston/BAC 1933/Dir. Soc. Science Res. Council 1932-36
S	ISADOR LUBIN	Brookings Grad. School 1926/WIB 1918-19/Brookings 1922-26/LaFollette Committee on Mfg 1931 Economic Planning Hearings(TS)/Sen. Wagner U. S. Senate 1928-29/RR-Soc Sec-NRC-TNEC-OPM
/FILENE	LEON HENDERSON	Wharton School/Russell Sage Consumer Credit 1925-34/NRA 1934-35/LaFollette Comm on Mfg 1935/ Economist WPA/Temporary National Economic Committee/TS-Carmody
S	LAUCHLIN CURRIE	HARVARD 1927-34/Henry Kendall(TS) Associate/Treas. Dept 1934/Am. Inst of Pacific Relations
	MORDECAI EZEKIEL	Brookings 1926/U. S. Census 1919-22/U. S. Dept. of Agriculture 1922-30/Fed. Farm Bd. 1930-33/ Leading Econ. Planner/Pioneer in Statistical Analysis
S	WESLEY CLAIR MITCHELL	Economist/Columbia U. 1913- /New School 1919-21/WIB 1918-19/NBER 1919- /Soc. Science Res. Council 1927-30/Comm. on Social Trends 1929-33/Fed. Emerg. Admin. of Public Works 1933
/RUML	HARRY HOPKINS	Grinnell/Social Work/N. Y. State TERA 1931/Perkins
S	FRANCES PERKINS	Consumers' League 1910-12/N. Y. State Ind. Commission 1919-21/Industrial Commissioner N. Y. State 1929-33(TS)/Social Security
-RUML	HENRY A. WALLACE	ed. Wallaces' Farmer 1910-1940/leading plant geneticist-statistician/Public Spokesman for Keynesian Internationalists
	FREDERIC A. DELANO	FDR Cousin
	DEPARTMENT OF AGRICULTURE	
R-RUML	HENRY A. WALLACE	ed. Wallaces' Farmer 1910-1940/leading plant geneticist-statistician/Public Spokesman for Keynesian Internationalists
	MORDECAI EZEKIEL	Brookings 1926/U. S. Census 1919-22/U. S. Dept. of Agriculture 1922-30/Fed. Farm Bd. 1930-33/ Leading Econ. Planner/Pioneer in Statistical Analysis
	PAUL APPLEBY	Editorial Writer Des Moines Register & Tribune 1924-28/Va. Weekly newspapers 1928-33
S	REXFORD G. TUGWELL	Wharton School 1922/Columbia U. 1920-37/New Republic
	M. L. WILSON	University of Wisconsin 1920

CREDIT & HOUSING

Federal Reserve Board

R-TS	MARRINER ECCLES	Utah Mass Capitalism* 1st Nat. Bank of Ogden-1st Savings Bank-First Security Corp-Sego Milk Products-Stoddard Laber Co.-Utah Construction Co.-Amalg. Sugar Co.-Pet Milk etc.
S	LAUCHLIN CURRIE	HARVARD 1927-34/Henry Kendall(TS) Associate/Treas. Dept 1934/Am. Inst of Pacific Relations

Securities and Exchange Commission

F	JAMES M. LANDIS	Harvard Law 1924/FTC 1933-34/NPPC 1937/Dean Harvard Law 1937- /Labor Dept. 1939
	WILLIAM O. DOUGLAS	Columbia Law
F	JEROME FRANK	Chicago Law 1919-29/Special Counsel in Traction Settlement Chicago 1921-25/AAA 1933-35/

Department of the Treasury

R-BANKING	HENRY MORGENTHAU JR	Lehman Bros.-Goldman Sachs connections
S	JOSEPHINE ROCHE	
R	WAYNE C. TAYLOR	Marshall Field-Glore & Co. 1920-31/Nat'l Air Transport Co/Chicago Investors Corp./ Foreign Trade Interests/Fed. Farm Mortgage Corp./TNEC/Nat. Planning Assn./Encyc. Britannica
S-FF	HERMAN OLIPHANT	U. of Chicago Law 1914-21/Columbia U. Law 1921-29/Johns Hopkins Law 1929-33/Ind. Rel Div. of Emergency Fleet Corpn. 1918-19/Gen'l Counsel Farm Credit Admin. to 1933

Federal Home Loan Bank Board

R	JOHN H. FAHEY	Brandeis-Filene-20th Century Fund-International Chamber of Commerce-U. S. Chamber of Comm. Newspapers(lower New England): Major Progressive Keynesian
	THOMAS D. WEBB	Tennessee/Cumberland Telephone & Telegraph Co. 1890-1912/Fourth & First Nat'l Bank and Nashville Trust Co. 1912-31
	FRED WAYNE CATLETT	Harvard Law 1907/Gen'l Counsel Puget Sound District for N. Y. Life Insurance Co. 1918-34
	WILLIAM F. STEVENSON	South Carolina Law
	HENRY E. HOAGLAND	Statistician & Economist N. Y. State Ind. Commission 1912-16/N. Y. State Public Service Commission 1918-20

Home Owners Loan Corporation (HOLC)

R	JOHN H. FAHEY	Brandeis-Filene-20th Century Fund-International Chamber of Commerce-U. S. Chamber of Comm. Newspapers(lower New England): Major Progressive Keynesian
	THOMAS D. WEBB	Tennessee/Cumberland Telephone & Telegraph Co. 1890-1912/Fourth & First Nat'l Bank and Nashville Trust Co. 1912-31
	FRED WAYNE CATLETT	Harvard Law 1907/Gen'l Counsel Puget Sound District for N. Y. Life Insurance Co. 1918-34
	WILLIAM F. STEVENSON	South Carolina Law
	HENRY E. HOAGLAND	Statistician & Economist N. Y. State Ind. Commission 1912-16/N. Y. State Public Service Commission 1918-20

Federal Savings and Loan Insurance Corporation (FSLIC)

R	JOHN H. FAHEY	Brandeis-Filene-20th Century Fund-International Chamber of Commerce-U. S. Chamber of Comm. Newspapers(lower New England): Major Progressive Keynesian
	THOMAS D. WEBB	Tennessee/Cumberland Telephone & Telegraph Co. 1890-1912/Fourth & First Nat'l Bank and Nashville Trust Co. 1912-31
	FRED WAYNE CATLETT	Harvard Law 1907/Gen'l Counsel Puget Sound District for N. Y. Life Insurance Co. 1918-34
	WILLIAM F. STEVENSON	South Carolina Law
	HENRY E. HOAGLAND	Statistician & Economist N. Y. State Ind. Commission 1912-16/N. Y. State Public Service Commission 1918-20

Appendix 2: Shippers' Association 1910: Chicago Subset

MASS CONSUMER-ORIENTED FIRMS: DISTRIBUTION

Sears, Roebuck
Marshall Field & Co.
Mandel Brothers
B. Kuppenheimer
Mandel Brothers
Montgomery Ward
Siegel, Cooper & Co.
G.W. Sheldon & Co.

CLOTHING

Hart, Shafner, & Marx
Rosenwald & Weil, Inc.
The Hub(Henry C. Lytton & Sons)
Charles A. Stevens & Brothers
Percival B. Palmer & Co.
Warren Featherbone

MILLINERY, GLOVES, HATS, HOSIERY

Bush Hat Co.
Chicago Mercantile Co.
Joseph N. Eisendrath Co.
Parrotte, Beals, & Co.
C.D. Osborn Co.

SHOES

Wilder & Co.
Guthman, Carpenter & Telling Co.
Smith-Wallace Shoe Co.
The Rice & Hutchins Chicago Co.
Selz, Schwap & Co.
R. P. Smith & Sons & Co.

FOOD & RELATED

Southern Cotton Oil Co. (Wesson Oil)
Booth Fisheries
National Biscuit Co.
Nordyke and Marmon Co.(flour and cerial milling machinery)
Beech-Nut Packing
Sprague, Warner & Co. (flavoring extracts, preserves, beverages)
Steel-Wedeles Co. (importing, jobbing, & mfg. of groceries and kindred)
W. M. Hoyt Co.
Franklin MacVeagh & Co.
Oelerich & Laux, Inc.
Charles B. Ford & Co.(butter, eggs, poultry--brokers and wholesale dealers)

MASS HOUSING SUPPLY INDUSTRIES(Cont.)

Lyon & Healy, Inc. (pianos, etc)
Tonk Manufacturing (piano benches)
Foley & Williams(sewing machine supplies, pianos, etc.)
The Brunswick Balke Collendar Co.
Chicago Portrait Co.
Pitkin & Brooks Importers, Mfg and Distributors(china, glass, lamps)
H. Paulman & Co.

DEVERSIFIED CAPITAL GOODS, ESP. AGRICULTURAL IMPLEMENTS

International Harvester
Deere & Co.
Emerson-Brantigam Co.
R. Herschel Manufacturing Co.
Rock Island Plow Co.
Star Mfg. Co.

Link-Belt Co.
Smith Manufacturing Co.
Williams, White, & Co.
Whiting Foundry Equipment Co.
Whitman & Barnes Co.(twist drills and reamers)
The Delaval Seperator Co.
Griffin Wheel Co.
Galena Signal Oil Co.

OTHER

General Chemical Co.
Lehigh Valley Railroad
Peabody Coal Co.
Inland Steel Co.

FOOD & RELATED (continued)

W.T. Rawleigh Co. (veterinary & poultry preparations)
E. B. Millar & Co. (tea, coffee--importing and mfg)
Libby, McNeil, & Libby
Decatur Brewing Co.
Thomson & Taylor Co. (coffee, spices--mfg for jobbers)
Reid, Murdoch & Co. (coffee, pickles, peanut butter)
Rueckheim Bros. & Eckstein (candy, crackerjacks)
United Cerial Mills (Washington Crisps, Egg-O-See, Toasted Corn Flakes)

SOAPS & RELATED

James S. Kirk
Frigid Fluid Co.
The Fairbank, N.K. Co.
Darling & Co.
Globe Rending
Pacific Coast Borax Co.
Pitzpatrick Bros. Soap

PACKAGING & PAPER)

Humel & Downing Co.
Sanford Mfg. Co.
The Paper Mills' Co.
J.W. Butler Paper Co.

MASS HOUSING SUPPLY INDUSTRIES

U. S. Cast Iron Pipe * Foundry
James B. Clough
Kewanee Boiler
Crane Co.
H. Mueller & Co.
Illinois Malleable Iron Co.
Joseph T. Ryerson & Son
Devoe & Reynolds
Adams & Elting Co.
George S. Mepham & Co.
Hibbard, Spencer, Bartlett & Co.

American Lumberman
Lumber World Review
Morgan Sash & Door
Chicago House Wrecking Co.
John V. Farwell Co.(wholesale furniture, carpets, etc.)
Union Furniture Co.
Balkwill & Patch Furniture Co. Inc.
W. W. Kimball Co.(pianos, etc.)

Appendix 3: Realization Structure of Manufacturing, 1929

In determining the character of ultimate use, Bliss, using the 1930 U. S. Census and other sources, compiled a matrix of percentages giving the proportion of the output of a given industry destined for a particular ultimate use. Of the output of the electrical machinery, apparatus and supplies industry, for example, 31 percent went into house furnishings and household supplies, 9 percent into motor cars, 16 percent into construction materials, 42 percent into capital equipment, and 2 percent into other producers' supplies. On the other hand, of the output the carpets and rugs, rags industry, 100 percent went into house furnishings and household supplies.

Character of Ultimate Use

1. Consumption Goods
    - 11. Foods, tobacco, beverages
    - 12. Wearing apparel and personal equipment
    - 13. House furnishings and household supplies
    - 14. Publications
    - 15. Transportation
        - a. Motor cars
        - b. Gasoline and oil
        - c. Rubber tires
        - d. Other
2. Construction materials
3. Capital equipment
4. Producers' supplies
    - 41. Producers' fuels and materials
    - 42. Containers
    - 43. Other producers' supplies

In looking at the political consequences of these economic flows, the potential influence over their suppliers of those institutions coordinating the final stages of the realization process, say in housing construction or retail sales, will be a function of the proportion of the output of an industry that is absorbed by such coordinating institutions. We may call that proportion the *dependency ratio*. At one extreme, almost 100 percent of the output of the general category textiles and their products ends up in code 12, wearing apparel and personal equipment, and thus depends heavily on the institutions of mass distribution. Not all industries under that general heading are dependent on a single arena of realization, however. Of the output of the cotton goods industry, for example, 61 percent went into

wearing apparel and personal equipment, 23 percent into house furnishings and household supplies, 8 percent into motor cars, and 4 percent into other producers' supplies. This is still fairly concentrated. Even more dispersed,

If we look at the industries supplying inputs for the automobile sector of realization, apart from motor vehicle bodies and parts, only two small industries had even a fifty percent dependence ratio.

industry	# of workers in industry	# of workers in code	percent in code
alcohol ethyl & distilled liquors	1,484	534	36
aluminum manufactures	21,210	5,303	25
artificial leather	2,590	829	32
asbestos products	8,092	3,237	40
cotton goods	424,916	33,993	8
electrical machinery, app. & supplies	328,722	29,585	9
electroplating	5,928	2,964	50
engines, turbines, etc.	61,148	6,726	11
foundry & machine shop products	454,441	22,722	5
gas & electric fixtures, lamps, etc.	23,580	5,895	25
glass	67,527	8,779	13
hardware not elsewhere classified	52,306	14,646	28
iron & steel blast furnaces	24,960	3,744	15
iron & steel rolling works & mills	394,574	59,186	15
nonferrous metal alloys & prods.	79,183	12,669	16
paints & varnishes	29,211	4,090	14
petroleum refining	80,596	33,044	41
rubber goods other than tires	40,226	6,436	16
smelting & refining copper	14,544	2,182	15
smeliting & refining lead	4,819	916	19
smelting & refining zinc	11,618	1,162	10
springs steel exc. wire, etc.	5,842	4,498	77
stamped ware, enameled ware, etc.	40,000	10,800	27
woolen goods	58,474	5,263	9
worsted goods	88,485	7,964	9

In discussions of the importance of the automobile industry, it is frequently pointed out that there is a vast network of supplier industries connected with automobiles (tires and inner tubes are listed seperately). Usually, this kind of approach lists, as I have above, all the industries that sell their output to the motor vehicle manufacturers. What this conventional approach does not do, however, is list *dependency ratios*. When one does so, it is obvious that most of these supplier industries depend relatively little on the motor vehicle manufacturers to absorb their output, and thus, from the methodological perspective of network theory as applied to questions of political economy, the auto industry should possess little political clout (except locally) compared with the clothing industry (wearing apprarel and

personal equipment), of which almost 100 percent of output is funneled into the realization channels of mass distribution. As we have seen, mass distribution was a major force in the period under discussion: it was able to mobilize its suppliers, the clothing manufacturers, into open political support for FDR in 1936; and from 1910, through Brandeis, Frankfurter, and the Taylor Society it had direct access to the Amalgamated Clothing Workers, and by the mid-1920s to other similar unions. There is a certain "heavy metal" bias--a productivist bias--in much writing on political economy that tends to reverse this contrast between autos and clothing. For the historian interested in tracing the positive relations between capital and state during the Second New Deal, such a bias is necessarily fatal.

Yet the automobile industry is dispersed politically as well as economically. If one surveys the pattern of interlocking directorates in the automobile bodies and parts industry as well as in motor vehicles proper, one finds the following patterns: General Motors, linked to Dupont; Chrysler, linked to Goldman Sachs (Waddill Catchings was on the board of directors); Ford, a provincial entrepreneur grown huge; and the Cleveland-based group of parts suppliers in higher value added oligopolistic subsectors (wheels, frames, axles, bearings) in which two or three producers controlled most output. Of course, there are some small and medium-sized firms that are independent--Briggs is the most notorious example, a lesser version of Henry Ford. But from a political standpoint, the most influential segments of the auto industry in 1936 were Chrysler (linked to Goldman Sachs and supporter of FDR in 1936) and the group of firms linked to the Cleveland Trust Corporation (Newton Baker on the board of directors), the major industrial bank of the Midwest at that time.

To a great extent the automobile industry, as anything other than an *a-priori* scheme of classification, decomposes into its constituent systems subsectors, or else is a scattering of firms whose aggregate output may be high, but whose dependency ratios in relation to the auto industry are low. When one combines input-output analysis with network analysis of interlocking directorates, the "automobile" industry as a viable analytical concept of political economy disappears. On the other hand, the same approach applied to the clothing industry reveals an impressive pattern of political-economic integration. Space does not permit further elaboration of this very sketchy material, but these few remarks should indicate the general line of investigation.